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Dated: August 15, 2006

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Charles G. Case, II

CHARLES G. CASE, II
U.S. Bankruptcy Judge

13 Attorneys for SunCal Santa Clarita, LLC

14 **IN THE UNITED STATES BANKRUPTCY COURT**
15 **FOR THE DISTRICT OF ARIZONA**

16 In re
17 RFI REALTY, INC., *et al.*,
18 Debtors.

Chapter 11
Case No: 02-04-bk-10486-CGC

Jointly Administered With
2-04-BK-11910-CGC;
2-04-BK-11911-CGC; and
2-04-BK-17292-CGC

19 This Filing Applies To:

20 ALL DEBTORS
21 SPECIFIED DEBTORS

**AMENDED FINDINGS OF FACT AND
CONCLUSIONS OF LAW RE SALE ORDER**

22 The Debtors' Motion for Order: (i) Authorizing Sale of Certain Real Property, Personal
23 Property, and to Assume, Assign and Sell Certain Executory Contracts That Relate Thereto, Free
24 and Clear of All Liens, Claims, Encumbrances and Interests; and (ii) Authorizing Bermite
25 Recovery LLC to Grant an Option to Sell Certain Additional Real Property filed December 7,
26 2004 [Docket No. 193] (the "**Sale Motion**") was heard on a number of dates before the Court and
27 culminated in a hearing on June 22, 2006, commencing at 10:00 a.m., the Honorable Charles G.
Case, United States Bankruptcy Judge, presiding (the "**Sale Hearing**"). Appearances of counsel
were as noted in the record of said proceedings.

28 After considering the papers filed in support of, and in opposition to, the Sale Motion

1 including, without limitation, the Declarations of Frank Faye and Dwight Stenseth filed June 15,
2 2006 (the “**Declarations**”), the record before the Court in these chapter 11 cases, and the
3 argument of counsel during the course of the Sale Hearing, the Court hereby enters the following
4 Findings of Fact and Conclusions of Law:

5 **FINDINGS OF FACT**

6 1. The Debtors in these jointly administered bankruptcy cases filed voluntary
7 petitions under chapter 11 of the United States Bankruptcy Code with the Clerk of this Court as
8 follows:

- 9 (a) Santa Clarita, LLC (“**SCLLC**”): July 7, 2004
- 10 (b) Remediation Financial, Inc. (“**RFI**”): July 7, 2004
- 11 (c) Bermite Recovery, LLC (“**Bermite**”): September 30, 2004.

12 2. On July 16, 2004, this Court entered an order providing that the bankruptcy cases
13 filed by each of SCLLC and RFI be jointly administered with the previously filed bankruptcy
14 case of RFI Realty, Inc., Case No. 2-04-bk-10586.

15 3. On October 7, 2004, this Court entered an order providing that the bankruptcy case
16 filed by Bermite be jointly administered with the previously filed bankruptcy cases of each of RFI
17 Realty, Inc., SCLLC and RFI.

18 4. Each of SCLLC, RFI and Bermite (collectively, the “**Debtors**”) continue to act as
19 debtors in possession in their respective bankruptcy cases.

20 5. On December 7, 2004, the Debtors filed the Sale Motion. The Sale Motion was
21 originally scheduled to be heard by this Court on May 4, 2005 and has been continued by orders
22 of this Court, from time to time, with the last such continued hearing date being June 22, 2006.

23 6. On July 31, 2006, this Court signed an initial version of these Findings of Fact and
24 Conclusions of law. Subsequent to that date, this Court received certain objections to those
25 Findings of Fact and Conclusions of law. On August 10, 2006, this Court held a hearing with
26 respect to those objections, as well as to objections to the form of order to be entered as a result of
27 the Court’ findings. These Amended Findings of Fact and Conclusions of Law shall supersede, in
28

1 their entirety, the Findings of Fact and Conclusions of Law previously signed by the Court on
2 July 31, 2006.

3 7. Due notice of the Sale Motion and of the various continuances of the hearing of
4 the Sale Motion was given to all parties entitled to such notice.

5 8. On May 30, 2006, at a hearing scheduled to consider the Sale Motion, this Court
6 was informed that two of the bidders for the property that is the subject of the Sale Motion (the
7 "**Property**"), SunCal Santa Clarita, LLC ("**SunCal**") and Cherokee Santa Clarita, LLC
8 ("**Cherokee**"), had reached an agreement under which Cherokee would provide capital to SunCal
9 and, as a result, acquire an interest in SunCal. As a result, this Court continued the hearing of the
10 Sale Motion to June 22, 2006 for the purpose of permitting SunCal and Cherokee to submit
11 supplemental declarations demonstrating their "good faith" within the meaning of Bankruptcy
12 Code Section 363(m). On June 15, 2006, SunCal and Cherokee filed the Declarations, which
13 more fully describe the terms and conditions of the agreement reached between SunCal and
14 Cherokee.

15 9. On June 2, 2006, SunCal submitted a revised Purchase and Sale Agreement that
16 substantially increased the amount of SunCal's prior proposed purchase price for the Property and
17 otherwise improved the terms and conditions pursuant to which SunCal proposed to purchase the
18 Property. As a result of negotiations among SunCal, the Debtors and the other parties in interest
19 between June 2, 2006 and the conclusion of the Sale Hearing, SunCal further increased the
20 purchase price that it was willing to pay for the Property and further improved the terms and
21 conditions pursuant to which it proposed to purchase the Property. As a result of the foregoing
22 changes made to the terms and conditions of SunCal's bid, by the conclusion of the Sale Hearing,
23 the Debtors and all parties in interest either supported, or withdrew their objections to, the Court's
24 approval of the sale of the Property to SunCal under the terms of such revised bid, and prior
25 objections to the SunCal bid were withdrawn.

26 10. Prior to the date upon which the Debtors filed the Sale Motion, and between the
27 date that the Debtors filed the Sale Motion and the Sale Hearing, the Debtors engaged in
28 substantial efforts to identify potential buyers for the Property and to solicit bids for the Property.

1 As a result of those efforts, the Debtors received bids for the Property from a number of parties
2 other than SunCal and Cherokee. Other than as set forth in paragraph 8, each of the bids for the
3 Property submitted by any party was objected to by multiple parties in interest on multiple
4 grounds.

5 11. Attached hereto as Exhibit 1 is a copy of the final version of SunCal's proposed
6 Purchase and Sale Agreement and Escrow Instructions (the "**Purchase Agreement**"), which
7 incorporates the revised terms of SunCal's bid as agreed to by SunCal, the Debtors and the other
8 parties in interest who appeared at the Sale Hearing. The Purchase Agreement represents the
9 highest and best bid for the Property and is fair and reasonable to, and in the best interests of, the
10 Debtors' bankruptcy estates.

11 12. SunCal did not act inequitably during the course of the proceedings leading to the
12 Sale Hearing or at the Sale Hearing. Other than the agreement between SunCal and Cherokee as
13 disclosed to the Court at the May 30, 2006 hearing on the Sale Motion, in the Declarations, and at
14 the Sale Hearing, SunCal did not enter into any agreements pertaining to the Debtors' sale of the
15 Property.

16 13. The agreement between SunCal and Cherokee did not attempt to fix the price or
17 terms upon which SunCal would purchase the Property as evidenced by, among other things, the
18 fact that SunCal increased the price that it was willing to pay for the Property, and provided the
19 Debtors' with better terms in relation to that purchase, following its agreement with Cherokee. In
20 fact, the estate benefited from the agreement between SunCal and Cherokee because, as a result
21 of that agreement, SunCal determined to pay more for the Property, and to offer better terms to
22 the Debtors, than it would have in the absence of that agreement. The agreement between SunCal
23 and Cherokee was also beneficial to the Debtors' estate in that it eliminated the possibility of the
24 estate becoming liable for the payment to SunCal of SunCal's expenses and "break-up" fee and,
25 as stated in the Declarations, increased the probability that the sale of the Property to SunCal
26 would close.

27 14. None of SunCal, Cherokee or any of their employees, officers or principals has
28 any relationship to the Debtors, or any of them, other than the relationship established by the

1 Purchase Agreement. None of the Debtors or any of their employees, officers or principals has
2 any relationship to SunCal, other than the relationship established by the Purchase Agreement.

3 15. All of the objections to the sale of the Property to SunCal under the revised terms
4 and conditions of the Purchase Agreement were withdrawn during the course of the Sale Hearing
5 as a result of the compromises referenced in paragraph 8 of these Findings. Therefore, all parties
6 holding interests in the Property are deemed to have consented to the sale of the Property to
7 SunCal in accordance with the terms of the Purchase Agreement.

8 16. From the dates that the Debtors' bankruptcy cases were filed, the Debtors' stated
9 intention has been to reorganize by resolving litigation regarding insurance coverage and selling
10 the Property in order to raise funds to pay their creditors pursuant to a plan of reorganization. A
11 sale of the Property, therefore, is an essential element that will be included within the Debtors'
12 plan of reorganization.

13 17. As used herein, the term "**Executory Contracts**" refers to the executory contracts
14 to be assumed pursuant to the Purchase Agreement upon the closing of the sale, other than the
15 Development Agreement between the City of Santa Clarita and Whittaker Porta Bella
16 Development, Inc. dated March 28, 1996 (the "**Development Agreement**"), which was
17 subsequently assigned to one or more of the Debtors before the Petition Date. The assumption
18 and the assignment of the Executory Contracts to SunCal are in the best interests of the Debtors'
19 bankruptcy estates. None of the non-debtor parties to any of the Executory Contracts filed any
20 objection to the Sale Motion and, therefore, each of those parties is deemed to have consented to
21 the Debtors' assumption of their contract and to the assignment of their contract to SunCal,
22 effective upon closing of the sale.

23 18. The City and the Debtors previously entered into an Assumption/Assignment
24 Agreement and General Release, which was approved by order of this Court dated May 4, 2006,
25 and which prescribes (among other things) the terms and conditions respecting the Debtors'
26 assumption and assignment of the Development Agreement, effective upon closing of the sale.

27 19. Nothing contained in these Findings of Fact and Conclusions of Law shall have the
28 effect of determining the existence or terms of any purported executory contract with the CLWA

1 Parties respecting water assessment and supplies or whether such contract may be assigned to
2 Buyer by reason of any Finding of Fact or Conclusion of Law herein.

3 20. The parties to the Coverage and Claims Settlement Agreement dated November
4 15, 2005 (the "**Settlement Agreement**") stipulated at the Sale Hearing that the provisions of
5 Section III.C.3.c of said agreement are deemed to be modified so as to require the Buyer to
6 deposit the sum of \$2,500,000 into Buyer's Escrow 2 (as defined in said agreement) in lieu of the
7 amounts set forth at said section of said agreement.

8 21. The parties to the Settlement Agreement stipulated at the August 10, 2006 hearing
9 regarding the provisions of these Findings of Fact and Conclusions of Law, and the Court's order
10 thereon, that, in light of the potential Closing Date being three (3) years or more after the entry of
11 the Court's order approving the Purchase and Sale Agreement:

12 (a) Whittaker is to make the Whittaker Contribution pursuant to the provisions
13 of §V.E.2.c of the Settlement Agreement.

14 (b) If and to the extent however that Whittaker makes deposits into the
15 Whittaker Escrow in accordance with the foregoing and payments are made out of the Whittaker
16 Escrow prior to Closing, then within five (5) business days of Closing, (a) Whittaker shall be
17 reimbursed from Buyer Escrow 1 for any such pre-Closing deposits by Whittaker into the
18 Whittaker Escrow that are in excess of the Whittaker Contribution obligation under Section
19 V.E.2.a. of the Settlement Agreement, and the Administrator and Escrow Agent are hereby
20 directed to make such reimbursement, and (b) the Administrator and Escrow Agent are to
21 reimburse the Whittaker Escrow from Buyer Escrow 1 for any such pre-Closing payments out the
22 Whittaker Escrow that are equal to or less than the Whittaker Contribution obligation in
23 accordance with §V.E.2.a; provided, however, that Whittaker shall remain liable after the Closing
24 for the remainder of the Whittaker Contribution obligation, if any, in accordance with §V.E.2.a

25 (c) The provisions of this paragraph may be modified subject to Court
26 approval.

27 22. SunCal has been pre-qualified pursuant to the Settlement Agreement by American
28 International Specialty Lines Insurance Company ("**AISLIC**") by correspondence sent from

1 AISLIC to SunCal and from Debtors to AISLIC and by Whittaker Corporation (“**Whittaker**”) to
2 be added as Cost Cap Named Insured in place of Whittaker under the Coverages K&L of AISLIC
3 Policy No. PLS 267-9186 issued by AISLIC to Whittaker with a term of July 14, 1999 to July 14,
4 2019, for the underwriting submission of SunCal to AISLIC and its approved contractor
5 ARCADIS previously submitted by SunCal to AISLIC.

6 23. To the extent that any of the Conclusions of Law set forth below are deemed to be
7 Findings of Fact, said Conclusions of Law are incorporated herein by this reference as though set
8 forth in full.

9 CONCLUSIONS OF LAW

10 24. This Court has jurisdiction over the Sale Motion under 28 U.S.C. §§ 157 and 1334.

11 25. The Sale Motion is a core proceeding under 28 U.S.C. § 157(b)(2)(A).

12 26. Venue of these cases and the Sale Motion in this District is proper under 28 U.S.C.
13 §§ 1408 and 1409.

14 27. SunCal is not an insider of the Debtors, or any of them, within the meaning of
15 Bankruptcy Code section 101(31).

16 28. The sale of the Property to SunCal pursuant to the terms and conditions of the
17 Purchase Agreement ought to be approved pursuant to Bankruptcy Code section 363(b).

18 29. The Property may be sold to SunCal free and clear of all “Interests”¹ in the
19 Property, as provided in the Purchase Agreement, held by any person or entity other than the
20 Debtors’ estates to the full extent provided for in Bankruptcy Code section 363(f), with any and
21 all such interests to attach to the proceeds from the sale of the Property, in the order of their
22 priority, to the same extent, and with the same validity, force and effect which they now have
23 against the Property, or any portion thereof, subject to any rights, claims and defenses the Sellers
24 may possess with respect thereto.

25 30. SunCal is a “good faith” purchaser within the meaning of Bankruptcy Code
26 section 363 (m).

27 ¹ The term “Interests” as used herein shall have the meaning ascribed to that term in that certain “Order Authorizing
28 Sale of Certain Real Property, Personal Property, and to Assume, Assign and Sell Certain Executory Contracts that
Relate Thereto, Free and Clear of Liens, Claims, Encumbrances and Interests.”

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31. The Debtors may assume each of the Executory Contracts, and assign each of the Executory Contracts to SunCal, subject to the terms and conditions of the Purchase Agreement, effective upon closing of the sale.

32. To the extent that any of the Findings of Fact set forth above are deemed to be Conclusions of Law, said Findings of Fact are incorporated herein by this reference as though set forth in full.

Dated: _____, 2006

BY THE COURT:

Honorable Charles G. Case II
United States Bankruptcy Judge

GRANVILLE

EXHIBIT 1
Purchase Agreement

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("*Agreement*") is entered into as of July 6, 2006 ("*Effective Date*") by and between SANTA CLARITA, LLC, a Delaware limited liability company ("*SCLLC*"), BERMITE RECOVERY, LLC, a Delaware limited liability company ("*Bermite*") and REMEDIATION FINANCIAL, INC., an Arizona corporation ("*RFI*"), (together "*Seller*" or "*Debtor*") and SUNCAL SANTA CLARITA, LLC a Delaware limited liability company ("*Buyer*"). For the purposes of this Agreement, Seller and Buyer may collectively be referred to as the "*Parties*", or if reference is to only one of the Parties, then "*Party*".

RECITALS

A. WHEREAS, SCLLC and RFI have filed voluntary Chapter 11 bankruptcy petitions on July 7, 2004, which cases are pending in the United States Bankruptcy Court for the District of Arizona (the "*Bankruptcy Court*"), Case Nos. 2-04-BK-11910 and 11911 CGC and which are jointly administered cases under Case No. 2-04-BK-10486. Bermite has filed a voluntary Chapter 11 bankruptcy petition on September 30, 2004, which case is also pending in the Bankruptcy Court as Case No. 2-04-BK-17294 CGC. Collectively, the SCLLC, RFI and Bermite bankruptcy cases are referred to as (the "*Bankruptcy Cases*").

B. WHEREAS, (i) SCLLC is the owner of approximately 945 acres of real property (the "*SCLLC Land*"), and (ii) Bermite is the owner of approximately 23.806 acres of real property (the "*Bermite Land*"), in the City of Santa Clarita ("*City*") County of Los Angeles, California, as generally described in **Exhibit A**. The SCLLC Land and the Bermite Land, together with all improvements, and all of Seller's right, title and interest in and to all privileges, rights, easements and appurtenances belonging to the real property, all oil, gas and other hydrocarbon substances, and all mineral, air and water rights relating to the real property to the extent owned by Seller, are collectively referred to as (the "*Land*"). The Land is legally described in **Exhibit A-1** attached hereto.

C. WHEREAS, Seller also owns one or more items of tangible and intangible personal property relating to the land including, without limitation, some or all of the following: (i) governmental permits, licenses, applications, wetlands permits, environmental remediation and cleanup permits and agreements, wildlife mitigation agreements, subdivision maps, school fee mitigation agreements, special district and utility "will serve" agreements, building permit and development allocations, specific plan and zoning rights, development agreements, improvement agreements and other entitlements and development rights relating to the Land including, but not limited to the entitlements listed in Schedule 1 attached hereto (the "*Seller Entitlements*"), (ii) utility and other permits; (iii) fee credits, license tax credits, and previously paid expenses, fees and deposits, and the right to any refunds or rebates; and (iv) records, environmental tests, reports, studies, and plans, architectural and engineering plans and specifications, drawings, geotechnical reports and studies, contract rights (except as excluded herein), warranties and guaranties relating to any services provided, environmental remediation, or improvements constructed in connection with the Land including, without limitation, the contracts and agreements listed in Schedule 2, and all of the documents listed in Schedule 1

(collectively, the "*Personal Property*"). The Land, and all the Personal Property, are referred to collectively as (the "*Property*").

D. WHEREAS, to the extent assignable, and subject to, and except for, those "Claims" released or assigned in the "Settlement Agreement" (defined below) and excluding Claims against the parties to the Settlement Agreement, or except as otherwise may be excluded herein, the Property shall also include the following:

1. Intentionally Deleted.

2. Contamination Claims. Any and all claims, rights, things in action, choses in action, causes of action, relating to Seller's claims for loss or damage of every kind or description relating to the Hazardous Materials contamination at, on, or emanating from or moving toward, through, or under the Land or the violation of any Environmental Laws which occurred in connection with the Land prior to the Close of Escrow, specifically excluding such claims, rights, things in action, choses in action or causes of action against the parties to the Settlement Agreement or which have been assigned or released pursuant to the Settlement Agreement (collectively, the "*Contamination Claims*").

3. Metrolink Condemnation. That 6.4± acres of real property within the Bermite Land improved by the City with a Metrolink parking area (the "*Metrolink Land*") and any and all claims and rights to any damages, proceeds, or other compensation relating to the City's occupancy and acquisition of the Metrolink Land, but excluding the payment of the sum of \$1 million, as contemplated in that certain Notice of Conditional Settlement between Seller and the City of Santa Clarita dated November 30, 2004 (the "*Metrolink Claims*").

4. Intentionally omitted.

E. WHEREAS, excluded from the Property are any and all Property expressly excluded from the sale to Buyer as provided herein, or conveyed or released by Seller in the Settlement Agreement provided that the exclusions contained in the Recitals section of this Agreement shall not impair the rights of Buyer under the Settlement Agreement in the event of Closing.

F. WHEREAS, Seller has disclosed and Buyer acknowledges that the Land is environmentally contaminated with Hazardous Materials and is subject to the jurisdiction of the California Department of Toxic Substance Control among others and is the subject of pending litigation. Buyer acknowledges that it is aware and has engaged in extensive review and due diligence of the existing environmental condition (the "*Existing Environmental Condition*") and has conducted its own due diligence with respect to such matters and that Buyer has formulated its own remediation action plan and submitted that plan to various parties for review and approval.

G. WHEREAS, the following definitions shall apply:

"**A Buyer**" means a buyer that is qualified to be added as a Cost Cap Named Insured under Coverage K & L of the AISLIC Policy pursuant to the Cost Cap Additional Insured Endorsement under Section III(C)(2)(a) of the Settlement Agreement (as defined therein).

" **AISLIC** " shall mean American International Specialty Lines Insurance Company.

" **AISLIC Policy** " shall have the meaning set forth to such term as specified in the Settlement Agreement.

" **Applicable Monthly Payments** " shall mean the amounts to be paid by Buyer pursuant to Section 2.2(d).

" **Applicable Payments** " means the First Payment, the Second Payment, the Third Payment, the Applicable Monthly Payments and the Closing Payment as set forth in Section 2.1 which shall be the only payments applicable to the Purchase Price.

" **Closing Date Deadline** " shall mean the earlier of (i) sixty (60) days after the satisfaction of all of the Buyer Conditions specified in Section 6.2 have been satisfied or waived, or (ii) the second anniversary of the Sale Approval Date.

" **Closing Date** " means the date upon which the Closing occurs.

" **Cost Reimbursement** " means the amount of \$3,450,000 being a payment to reimburse Seller for costs incurred by the bankruptcy estate in the event the Closing is extended beyond two years from the Sale Approval Date as provided in Section 7.1. The Cost Reimbursement is not refundable, except as provided in Section 2.5, is not applicable to the Purchase Price, and Seller shall not be obligated to account for the costs for which it is being reimbursed.

" **Development Agreement** " means the Development Agreement by and between the City of Santa Clarita and Whittaker Porta Bella Development, Inc. dated March 28, 1996, and all rights entitlements, plans, resolutions, permits, etc. deriving therefrom, which was assigned to and assumed by SCLLC as of January 6, 1999, pursuant to an Assignment and Assumption Agreement, and all related documents thereto.

" **Environmental Laws** " means all federal, state, and local laws, statutes, codes, common law rules, ordinances, orders, rules, regulations, permits, licensing or other requirements, or judicial or administrative decisions (collectively "Laws"), issued, promulgated, approved or entered relating to environmental matters, the protection of the environment or the protection of public health and safety from environmental concerns, including without limitation laws relating to the Release or threatened Release of Hazardous Materials (including, without limitation, to the ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the presence, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

" **Escrow Holder** " or " **Title Company** " means Fidelity Title Company.

" **Extension Fee** " means the amount of \$1,000,000 being a fee to extend the Closing beyond the 900th day after the Sale Approval Date, as provided in Section 7.1 hereof.

" **Financing Agreement** " means the Financing Agreement between Seller and Buyer which was approved by the Bankruptcy Court on December 22, 2005.

"Hazardous Materials" means all toxic material, all contaminants (whether or not toxic or "hazardous" under Environmental Laws or otherwise), and all hazardous substances, wastes, extremely hazardous substances, hazardous materials, hazardous wastes, hazardous constituents, and related materials, including without limitation any such materials defined, listed, identified under or described in any Environmental Laws.

"Nonapplicable Monthly Payments" shall be the amounts to be paid by Buyer pursuant to Section 2.3(b).

"Nonapplicable Payments" shall mean, the Cost Reimbursement, the Remediation Funds, the Nonapplicable Monthly Payments and the Extension Fee.

"Payments" shall mean the Applicable Payments and the Nonapplicable Payments.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment or out of the Land, including the movement of any materials through or in the air, soil, surface water, or ground water.

"Remediation Management Agreement" means that agreement to be negotiated by and among Buyer, Seller and Whittaker concerning management of remediation activities on the Land prior to Closing as referred to in Section 4.1(a).

"RFI Parties" means RFI, SCLLC, Bermite, and each of their respective predecessors, successors, assigns, agents, officers, directors, employees and representatives.

"Sale Approval Date" means the entry of the Sale Order (defined in Section 3.1) by the Bankruptcy Court approving the sale of the Property to Buyer pursuant to this Agreement (or any amendment thereto approved by Buyer) which Sale Order has become final and non-appealable, exclusive of Buyer's appeal filed May 22, 2006, which shall be dismissed promptly after the entry of the Sale Order, and further exclusive of any additional appeals taken by the Buyer.

"Settlement Agreement" means that certain Coverage and Claims Settlement Agreement by and between Santa Clarita, LLC, Bermite Recovery, LLC, Remediation Financial, Inc., Steadfast Insurance Company, ZC Specialty Insurance Company, American Guarantee and Liability Insurance Company, Steadfast Santa Clarita Holdings, L.L.C., Whittaker Corporation and Meggitt, PLC, and all other agreements contemplated thereunder, which was approved by the Bankruptcy Court on December 22, 2005.

"Whittaker Parties" means Whittaker Corporation ("*Whittaker*"), Meggitt, PLC and their respective predecessors, successors, affiliates, assigns, agents, representatives, officers, directors and employees.

"Zurich Companies" means Steadfast Insurance Company, ZC Specialty Insurance Company, American Guarantee and Liability Insurance Company, and Steadfast Santa Clarita Holdings, LLC, as well as each of their respective predecessors, successors, affiliates, parents, assigns, agents, representatives, officers, directors and employees.

G. Intentionally omitted.

H. WHEREAS, on December 7, 2004, Seller filed a "Motion to Approve Sale Debtors' Motion for Order: (i) Authorizing Sale of Certain Real Property, Personal Property, and to Assume, Assign and Sell Certain Executory Contracts that Relate Thereto, Free and Clear of All Liens, Claims, Encumbrances and Interests; and (ii) Authorizing Bermite Recovery LLC to Grant an Option to Sell Certain Additional Real Property" (the "**Sale Motion**") in the Bankruptcy Cases, which motion is presently pending in the Bankruptcy Cases.

I. Intentionally omitted.

J. Intentionally omitted.

With the foregoing intended as substantive provisions of this Agreement and not merely prefatory Recitals, the parties agree as follows:

TERMS

Section 1. Purchase and Sale of the Property.

Subject to the terms and conditions of this Agreement, Seller shall sell, and Buyer shall purchase, the Property.

Section 2. Purchase Price.

2.1 Amount. The total purchase price for the Property shall be Sixty-Three Million Eight Hundred Twenty-Five Thousand Dollars (\$63,825,000) (the "**Purchase Price**"). The Purchase Price shall be allocated among the interested parties as directed by the Bankruptcy Court.

(a) **First Payment.** The First Payment shall be in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) payable as provided in Section 2.2(a) hereof.

(b) **Second Payment.** The Second Payment shall be in the amount of Three Million One Hundred Twenty-Five Thousand Dollars (\$3,125,000) payable as provided in Section 2.2(b) hereof.

(c) **Applicable Monthly Payments.** The Applicable Monthly Payments shall be paid as provided in Section 2.2(d).

(d) **Third Payment.** The Third Payment shall be in the amount of Three Million Four Hundred Fifty Thousand Dollars (\$3,450,000) and shall be paid to Seller as provided in Section 2.2(e) but not later than 240 days from the Sale Approval Date.

(e) **Closing Payment.** The Closing Payment shall be an amount equal to the Purchase Price reduced by the Applicable Payments previously made, subject to adjustments and prorations as provided in Section 7.6 hereof, and shall be paid as provided in Section 2.2(f).

2.2 Terms of Payment of the Purchase Price.

(a) **First Payment.** On the Sale Approval Date, Buyer shall pay to Seller an amount equal to the First Payment.

(b) **Second Payment.** Provided this Agreement has not been previously terminated, on or before ninety (90) days after the Sale Approval Date, Buyer shall pay to Seller an amount equal to the Second Payment by forgiving the amounts owed to Buyer pursuant to the Financing Agreement or the Lewis Agreement, as defined in the Financing Agreement.

(c) **Lien.** Buyer shall retain the rights, security interests, lien and protections, on the same terms and conditions as set forth in the Financing Agreement and Financing Order, for ninety (90) days after the Sale Approval Date, unless Buyer has previously terminated this Agreement, in which case the rights, security interests, lien and protections shall continue until the amounts advanced under the Financing Agreement and Financing Order have been repaid.

(d) **Applicable Monthly Payments.** Unless Buyer or Seller has terminated this Agreement in accordance with its terms, the amount of \$125,000 per month (collectively, the "*Applicable Monthly Payments*") shall be due and payable commencing on the Sale Approval Date or earlier at Buyer's sole election and, thereafter, on the first day of each month after the Sale Approval Date for a total of ten (10) payments. In order to provide for the funding of the amounts to be advanced to Buyer hereunder, at the time this provision shall become applicable, Seller shall establish or designate an account from which said advances shall be funded (the "*Account*"). The Applicable Monthly Payments shall be applicable to the Purchase Price. In the event that Buyer terminates this Agreement pursuant to the provisions of Section 6.3 of this Agreement before having made all ten (10) of the Applicable Monthly Payments, Buyer shall make any payment necessary to leave the sum of \$125,000 in the Account but shall not be obligated for any subsequent payments under this Section 2.2(d). Seller acknowledges and agrees that Seller shall at no time have any right, title, or interest in the Account. The Applicable Monthly Payments shall be nonrefundable to Buyer when made except as provided in Section 2.5.

(e) **Third Payment.** Provided this Agreement has not been previously terminated, the Third Payment plus any unpaid Applicable Monthly Payments shall be due and payable upon the earlier of ten (10) business days after the satisfaction of the conditions specified in Sections 6.2(c), but not later than 240 days after the Sale Approval Date, subject to a 60-day extension as provided in the next to last paragraph of Section 6.2.

(f) **Closing Payment.** Provided this Agreement has not been previously terminated, the Closing Payment shall be due and payable to Escrow Holder on or before the Closing Date.

2.3 Nonapplicable Payments. In addition to the payment of the Applicable Payments, provided this Agreement has not been previously terminated, Buyer shall be obligated to make the following Nonapplicable Payments:

(a) **Remediation Funds.** Unless Buyer or Seller has previously terminated this Agreement in accordance with its terms, at the Close of Escrow, Buyer shall deposit the

following funds into the following accounts as required under the Settlement Agreement the "**Remediation Funds**"): (i) the sum of \$9,100,000 into SF Escrow 2 (as defined in the Settlement Agreement), (ii) the sum of \$17,500,000 into Buyer Escrow 1 (as defined in the Settlement Agreement), and (iii) the amount of \$2,500,000 to satisfy Buyer's obligation under Section III.C.3.c of the Settlement Agreement into the Buyer Escrow 2 (as defined in the Settlement Agreement). The Remediation Funds shall be used as provided in the Settlement Agreement. All such funds shall be held in accordance with the terms of the Settlement Agreement. The Remediation Funds shall not be applicable to the Purchase Price. Seller and Buyer agree that the entirety of the monies paid by Steadfast and ZC under the Settlement Agreement shall be deemed and shall constitute "response costs" for purposes of the Zurich Companies' right to seek recoupment of same under CERCLA and other pertinent federal and state statutes and common law principles.

(b) **Nonapplicable Monthly Payments.** Unless Buyer or Seller has previously terminated this Agreement in accordance with its terms or closed this transaction, Buyer shall pay to Seller the amount of \$125,000 per month (collectively, the "**Nonapplicable Monthly Payments**") commencing on the first day of the 19th month after the Sale Approval Date and, thereafter, on the first day of each month through the 30th month after the Sale Approval Date for a total of twelve (12) payments. The Nonapplicable Monthly Payments shall be nonrefundable to Buyer when made except as provided in Section 2.5.

(c) **Cost Reimbursement.** Unless Buyer or Seller shall have terminated this Agreement in accordance with its terms or closed this transaction, the Cost Reimbursement shall be due and payable as provided in Section 7.1.

(d) **Extension Fee.** Unless Buyer or Seller shall have terminated this Agreement in accordance with its terms or closed this transaction, the Extension Fee shall be due and payable as provided in Section 7.1.

In the event Buyer fails to make any of the Payments when due (whether under Section 2.2 or 2.3), Seller shall give written notice of nonpayment to Buyer. If the payment is not cured within five (5) business days after delivery of notice of nonpayment, Seller shall be entitled to terminate this Agreement upon written notice to Buyer, in which event, Seller shall be entitled to receive liquidated damages as provided in Section 2.4 hereof and this Agreement shall terminate and neither party shall have any further liability hereunder. In the event Buyer gives written notice of termination due to a failure to satisfy any condition specified in Section 6.2 or otherwise terminates this Agreement, Buyer shall have no further liability to make any subsequent Payments provided that Buyer shall be liable for liquidated damages as provided in Section 2.4 hereof unless Section 2.4 is inapplicable and termination is permissible under Section 2.5 hereof.

2.4 LIQUIDATED DAMAGES. EXCEPT AS PROVIDED IN SECTION 2.5, IF THIS AGREEMENT IS TERMINATED PRIOR TO THE CLOSING DATE: THE PAYMENTS THEN PAID SHALL BE RETAINED BY SELLER AND ANY PAYMENTS THAT ARE DUE AND UNPAID AS OF THE TERMINATION (OTHER THAN THE CLOSING PAYMENT AND PAYMENT OF THE REMEDIATION FUNDS) SHALL BE PAYABLE BY BUYER TO SELLER AS LIQUIDATED DAMAGES.

THE PARTIES AGREE THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF BUYER'S DEFAULT, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT SUCH PAYMENTS HAVE BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST BUYER, AT LAW OR IN EQUITY, IN THE EVENT THE SALE OF THE PROPERTY IS NOT CONSUMMATED AS A RESULT OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF BUYER.

INITIALS: Seller _____ Buyer

2.5 Refund of Payments.

(a) Upon termination of this Agreement under only the following circumstances, all Payments previously made shall be fully refundable to Buyer and shall be returned to Buyer:

(i) intentionally omitted;

(ii) by written notice from Buyer to Seller in the event of the stay, reversal or modification of the Sale Order after it is entered, unless the stay, reversal or modification was sought by Buyer;

(iii) Intentionally omitted;

(iv) Intentionally omitted;

(v) Seller's material breach of this Agreement, if the Bankruptcy Court determines that neither a monetary reward nor specific performance adequately compensates Buyer for damages it suffered on account of such breach;

(vi) Intentionally omitted;

(vii) Intentionally omitted;

(viii) Intentionally omitted.

(b) Upon termination of this Agreement under the following circumstances, the Second Payment, the Third Payment, and the Extension Fee, to the extent previously paid, shall be fully refundable to Buyer and shall be returned to Buyer:

(i) Buyer's termination of this Agreement by reason of casualty pursuant to the provisions of Section 10.1 of this Agreement;

(ii) Buyer's termination of this Agreement by reason of the condemnation, or threatened condemnation, pursuant to the provisions of Section 10.2(a) of this Agreement, excepting the Golden Valley Road and Metrolink condemnations.

(c) Except as provided in Sections 2.5(a) and 2.5(b), upon termination of this Agreement, Seller shall retain any Payments previously made, and Buyer shall be required to make any Payments that are due as of the termination.

(d) A refund under this Section 2.5 shall be due and payable to Buyer within sixty (60) days of notice of termination of this Agreement.

Section 3. Bankruptcy Conditions/Requirements.

3.1 Sale Order. Pursuant to the provisions of Section 6.2(a), Buyer's obligation to purchase the Property is conditioned upon the entry of an order approving the sale of the property to Buyer and the entry of separate findings of fact and conclusions of law (collectively referred to as the "**Sale Order**"), in form and content satisfactory to Buyer and Seller. The Sale Order shall include the following provisions: (i) Seller is authorized and directed to execute this Agreement and perform its obligations hereunder, (ii) that the notice and opportunity for hearing on the Motion were appropriate within the meaning of Section 102(1)(A) of the Bankruptcy Code and that such notice was good and sufficient in these circumstances; (iii) that the Property shall be transferred to Buyer free and clear of all liens (including the liens identified on an exhibit to the Sale Order), claims (excluding: (a) obligations assumed by Buyer pursuant to Section 4.1 or imposed by the Settlement Agreement or the Development Agreement) and (b) obligations imposed upon Buyer under applicable law as a result of ownership of the Property including any liabilities and obligations to Seller, Whittaker or third parties including the CLWA Parties, DTSC and any governmental entity for cleanup and remediation) or encumbrances of any kind whatsoever, including, the Option (as defined in Section 9.1(f)) (the "**Chain of Title Claims**"), (iv) that Seller shall assign to Buyer and Buyer shall assume all of the Executory Contracts (defined below), (v) that Buyer is purchasing the Property in good faith within the meaning of Section 363(m) of the Bankruptcy Code; (vi) that the Sale and transfer of the Property pursuant to this Agreement is not subject to avoidance pursuant to section 363(n) of the Bankruptcy Code, (vii) that the Sale Order shall be effective and enforceable immediately upon entry and its provisions self-executing, subject to the stay imposed under Bankruptcy Rule 6004(g), (viii) that the Bankruptcy Court shall retain jurisdiction to enforce this Agreement in all respects, including by order of specific performance upon appropriate request by Buyer, and (ix) authorize Seller to grant the releases provided for in Section 11.17.

3.2 Executory Contracts. On or before the (10) Business Days after the date hereof, Seller shall deliver to Buyer copies of all executory contracts to which Seller is a party. Within ten (10) business days after receipt thereof, Buyer shall notify Seller in writing as to which of Seller's contracts listed on Schedule 2 to this Agreement Buyer wishes to have assigned to it upon Closing (the "**Executory Contracts**"). On or before five (5) Business Days after Buyer's response, Seller shall notify Buyer as to any Executory Contracts that Seller has determined may not be assigned to Buyer. In the event that the Sale Order provides that any of the Executory Contracts that Buyer wishes to assume require the payment of money to the non-debtor party to that contract in order to cure any default under that contract, Buyer shall make such payment to the non-debtor party to that contract at the time of the Closing and shall be entitled to a credit against the Purchase Price in the amount of such payment; provided that, in the event that the aggregate amounts required to cure monetary defaults under the Executory Contracts that Buyer wishes to assume exceeds \$100,000.00, the maximum credit to which Buyer shall be entitled

shall be \$100,000.00 and Buyer shall be obligated to pay any additional sums that may be required to cure the defaults under such contracts without any credit towards the Purchase Price on account of such payments. In the event that the Sale Order provides that any of the Executory Contracts that Buyer wishes to assume require the performance of any non-monetary obligation in order to cure any default under that contract, Seller shall perform such obligation; provided that Seller's obligation to perform such obligation shall be a condition to Buyer's obligation to Close and Seller's failure to perform such obligation shall not constitute a breach of this Agreement. Following Seller's performance of any non-monetary obligation required to cure any default under any Executory Contract that Buyer wishes to assume, Seller shall file a motion in the Bankruptcy Cases seeking an order amending the Sale Order to confirm that Seller has cured any non-monetary default that existed under such Executory Contract and that such Executory Contract may be assumed by Seller and assigned to Buyer without condition. Buyer shall be solely obligated under any assumed Executory Contract for any non-monetary performance due under that contract by Seller from and after the Closing Date. Notwithstanding any other provision in this Agreement to the contrary, Buyer shall have no obligation under any of the Executory Contracts, other than those assigned by Seller to Buyer pursuant to the provisions of the Sale Order and this Agreement. Nothing contained herein shall have the effect of determining the existence or terms of any purported executory contract with the plaintiffs in the CLWA Litigation ("**CLWA Parties**") respecting water assessment and supplies or whether such contract may be assigned to Buyer by reason of any provision herein.

Section 4. Remediation Work.

4.1 Buyer's Obligations.

(a) Existing Environmental Condition. Buyer acknowledges that the Land contains Hazardous Materials and other materials, including perchlorate as part of the Existing Environmental Condition, which require remediation to the satisfaction of the California Environmental Protection Agency/Department of Toxic Substances Control ("**CA EPA/DTSC**") and other governmental authorities asserting jurisdiction over such matters and the Property. As of the Effective Date, certain work to clean up the contamination has been completed by SCLLC (or by the Whittaker Parties) and certain remediation work remains to be completed. Seller shall, at no additional cost to Seller, cooperate with Buyer to determine the status of the remediation work, including all work completed and the work remaining to be completed. Unless this Agreement is terminated earlier, the parties shall endeavor to enter into a remediation management agreement providing for the remediation of the Property from the date that said agreement is executed to the date of the Closing (the "**Remediation Management Agreement**"), said agreement to be executed among Seller, Buyer, Whittaker, AISLIC and any other necessary parties and acquisition of Bankruptcy Court approval of such agreement if necessary as provided in Section 6.2(b). The Remediation Management Agreement shall not impair any rights granted to any person under the Settlement Agreement. All of Buyer's internal costs for its management services shall be borne by Buyer unless reimbursement for such costs is contemplated by the Settlement Agreement. Upon Closing, Buyer shall be solely responsible for completion of the remediation work required of an "A Buyer" under the Settlement Agreement. Nothing in this Agreement shall waive, release, impair or diminish obligations and liabilities, if any, of any Party and/or Whittaker to third parties including the CLWA Parties, DTSC and any governmental entity.

(b) Offsite Remediation. Buyer acknowledges that offsite groundwater has been impacted by perchlorate contamination released, in part, from portions of the Land and that litigation commenced by Castaic Lake Water Agency ("**CLWA**"), Newhall County Water District, Santa Clarita Water Company and Valencia Water Company is pending in the United States District Court for the Central District of California, Case No. CV 0012613 AHM (RZx), involving, in part, SCLLC, RFI, the Whittaker Parties, the Zurich Parties, and the Property, concerning such contamination (the "**CLWA Litigation**"). In the event of Closing, Buyer shall not be obligated to assume any responsibility for the CLWA Litigation except obligations assumed by Buyer pursuant to Section 4.1(c), and obligations imposed upon Buyer under applicable law as a result of ownership of the Property including any liabilities and obligations to third parties including the CLWA Parties, DTSC and any governmental entity for cleanup and remediation. Nothing in this Agreement shall waive, release, impair or diminish obligations and liabilities, if any, of any Party and/or Whittaker to third parties including the CLWA Parties, DTSC and any governmental entity.

(c) Acceptance of Settlement Agreement. In the event of Closing, Buyer agrees to deposit the funds, execute the documents and assume the responsibilities including the Buyer Remediation Obligations (as defined in the Settlement Agreement) which are required of an "A Buyer" under the Settlement Agreement, and perform all conditions precedent to become designated as the Cost Cap Named Insured under Coverages K and L of the AISLIC Policy, except as such conditions may have been waived in writing by AISLIC.

(d) Buyer's Insurance. Buyer shall use reasonable efforts to obtain Buyer's Insurance as provided in Section 6.2(d)(vi) unless Buyer's Insurance is waived by Buyer as a condition of Closing. Further, Buyer shall use its best efforts to cause Seller to be named as an additional insured thereunder, provided Buyer shall not be obligated to incur any additional cost or suffer any additional adverse condition or restriction. If additional cost is required or an adverse condition or restriction is imposed which can be resolved by Seller without detriment to Buyer, Buyer shall so notify Seller and Seller at its election shall be entitled to advance such cost or accept such condition or restriction to obtain coverage.

4.2 No Buyer Responsibility for Seller Costs. Except as expressly provided in this Agreement or under the Settlement Agreement, Buyer shall have no responsibility for costs incurred by Seller in connection with the Property prior to or after the Closing Date.

Section 5. Inspection/Documents.

5.1 Right of Entry and Inspection. Commencing on the Effective Date, and subject to the provisions of Sections 5.4, and 5.6, Buyer and its designees shall have the right to (a) enter upon all portions of the Land at all reasonable times for purposes of conducting inspections, soils tests, tests for the presence of hazardous substances and wastes, surveys, engineering, seismic and geologic studies and, (b) review documents material to the ownership and development of the Property, including without limitation contracts and other documents that may be assumed by Buyer in connection with this transaction; and (as to both clauses (a) and (b)) for any other purposes reasonably related to Buyer's acquisition of the Property including without limitation the condition and suitability of the Property for Buyer's intended use, development costs, financial and market feasibility, and physical and title condition. Buyer acknowledges that Seller

has previously provided Buyer with access to the Land and certain materials. Buyer may discuss, after reasonable notice to Seller so that Seller may participate if it desires, the Property with all governmental and quasi-governmental authorities. Buyer shall keep the Land free of liens, claims, encumbrances, fines and penalties arising from the conduct of Buyer and its designees and their employees, agents, or contractors, and will provide for the defense of and will indemnify Seller against any liens, claims, damages, liabilities, costs (including reasonable attorneys' fees) or regulatory or court orders resulting from Buyer's or Buyer's designees' entry and activities upon the Land; provided, however, that this indemnity shall not apply to impacts on the value of the Property arising from the results of Buyer's testing, inspection or investigation. This indemnity shall survive termination of this Agreement.

5.2 Material Documents. Within forty-five (45) days after the Effective Date (the "**Document Period**"), Seller shall deliver to Buyer or make available to Buyer as further clarified in the last paragraph of this Section 5.2 for copying, all material documents within Seller's possession or control or otherwise available to Seller relating to the ownership, condition, including the Existing Environmental Condition, operation, and development of the Property (the "**Material Documents**"), including without limitation the following:

(a) Copies of written, and written descriptions of any oral, easements, covenants, restrictions, leases, agreements, contracts (including without limitation contracts and other documents that may be assumed by Buyer in connection with this transaction), waivers, notices and applications, whether existing or proposed as of the Effective Date, that could affect the Property and are not disclosed by the Title Report;

(b) Copies of all other material data, correspondence, documents and records relating to all transactions with taxing authorities, assessment districts, school districts, governmental agencies, design professionals, contractors, consultants, owners' associations, utilities, vendors, tenants and others concerning the physical condition of the Property or its development;

(c) Copies of: (a) all authorizations, approvals, permits, variances, allocations and entitlements with respect to land use, utilities and governmental services for the Property, and all improvement plans, grading plans, engineering reports, soils reports, site plans, surveys and similar materials with respect to the Property, including the Existing Environmental Condition; (b) all plans, specifications, engineering, as-builts and other drawings and prints owned by Seller or in Seller's possession or control relating to the Property, including the Existing Environmental Condition; and (c) all design, construction and consulting agreements, bonds, indemnity agreements, warranties, guarantees and other agreements related to the remediation work relating to the Property, and/or other improvement of the Property;

(d) Copies of all documents related to the Existing Environmental Condition and remediation of the Property including all of Seller's policies of insurance which are in force and that relate to or may give rise to claims relating to environmental conditions at, or exposure to environmental conditions from, the Property, including but not limited to environmental "cost cap" and pollution legal liability, all endorsements or amendments to the same, and all documents identified in such policies which concern the Property (collectively referred to as the "**Insurance Policies**"), and

(e) A copy of all pleadings and orders, and any and all amendments thereto, in the CLWA Litigation, and all other pending litigation concerning the Property (the "**Litigation Documents**"); provided that any Litigation Documents currently under judicial seal preventing release thereof to Buyer shall be delivered to Buyer for its confidential review after Seller obtains an order from the court to permit such review by Buyer. Upon request, Seller shall use its best efforts to obtain that order. Buyer acknowledges that this Agreement does not create an interest for Buyer in the CLWA Litigation and Buyer agrees not to seek intervention in such litigation.

(f) Seller agrees that it will promptly furnish to Buyer any Material Documents not previously furnished to Buyer during the Document Period as required above which subsequently become known and available to Seller after the Effective Date. Without limiting the foregoing, Seller has informed Buyer that Whittaker has Material Documents concerning the remediation work relating to the Property and Offsite Contamination (the "**Whittaker Documents**").

Buyer has received a computer hard drive which contains a substantial portion of the Material Documents. Seller shall not be obligated to copy (but shall make available) (I) documents previously delivered to Buyer which were previously delivered by computer hard drive; (II) documents located in California; or (III) documents filed with the Bankruptcy Court. Further, Seller shall not be required to incur other than incidental costs associated with such copying.

5.3 Title Review.

(a) Title Report. Seller has obtained a preliminary title report for the Property prepared by Fidelity National Title Company as Order No. 9841184 dated May 9, 2005 ("**Title Report**"). Buyer shall review that Title Report together with copies of all documents referred to in the Title Report.

(b) Title Objection. Buyer has provided its objections to the exceptions in the Title Report. Notwithstanding such objections, the parties agree that the permitted exceptions to title (the "**Permitted Exceptions**") shall be those items set forth on the Title Report, other than items 1 and 11 (to the extent that those exceptions accrue with respect to the time period prior to the Closing), 2 through 10, 40 through 48, 50 through 52, 54 through 59, 62 and 63.

(c) Seller's Refusal to Deliver Title/Seller Defaults. If, on the Closing Date, title remains subject to matters other than the Permitted Exceptions or contains new exceptions not previously disclosed in the Title Report and not otherwise approved by Buyer, which exception is not cured within 30 days for monetary items and 90 days for non-monetary items after written notice thereof from Buyer, or Seller has otherwise defaulted, then Buyer, at its election, may: (i) proceed to the Closing and deduct from the Purchase Price Buyer's reasonable estimate of the cost to remove, modify the exception or cure the default; or (ii) seek damages or other appropriate remedies in law and/or equity, including specific performance as such damage and/or equitable relief may be awarded by the Bankruptcy Court; provided, however, if such exception is a mechanics lien, deed of trust or other encumbrance or default, not released by virtue of the Sale Order which can be satisfied or released by the payment of money not in

excess of the Purchase Price. Buyer will proceed to Closing so long as a sufficient portion of the Purchase Price is used to remove such lien or encumbrance at Closing.

5.4 Environmental Testing. All environmental testing undertaken or performed by or on behalf of Buyer shall be pursuant to a testing plan ("*Testing Plan*") which shall be performed in accordance with the Remediation Management Agreement and Settlement Agreement. Buyer shall provide to Whittaker and to Seller (at no cost to Seller) split samples of any sampling of the Land and a copy of the results of any physical environmental tests and any related reports made by or at the direction of Buyer.

5.5 Environmental Disclosure. Prior to the Close of Escrow, neither Buyer nor Buyer's contractors, consultants, counsel, advisors, or similar representatives will disclose to any governmental agency or other third party any environmental condition on the Land or other information about the Land arising from the environmental testing or the Testing Plan (any such disclosure, an "*Environmental Disclosure*"), except to the extent necessary to implement Buyer's remediation plan or to the extent Buyer is compelled to make such a disclosure by applicable law as determined by Buyer's environmental legal counsel. Prior to the Close of Escrow, in the event Buyer determines that it is compelled by applicable law to make a disclosure regarding the environmental condition of the Land, Buyer shall first inform Seller of such disclosure and the reason Buyer believes it is so compelled, and shall meet with Seller to discuss the facts or circumstances giving rise to Buyer's determination that disclosure is required, as well as to discuss the manner in which Buyer proposes such disclosure is to be made. If Buyer makes an Environmental Disclosure in violation of this Section, which materially and adversely affects Seller, then such Environmental Disclosure shall constitute a default by Buyer hereunder. Nothing in this Section is to be deemed or construed to require notice to or approval by Seller of, or to limit or constrain, Environmental Disclosures by Buyer to Buyer's successors in interest, Buyer's purchasers (of lots created by subdivision of the Land by Buyer), if any, investors, lenders, insurers, consultants, attorneys, investors, or to the City, the California Department of Toxic Substances Control or the California Department of Real Estate, or to any other party in connection with Buyer's investigation, ownership, marketing, sale, if any, or financing of the Land, or any portions thereof, and the development of Buyer's project thereon.

5.6 Insurance in Connection with Entry by Buyer. Before any entry upon the Land by or on behalf of Buyer as permitted under this Agreement: (a) Buyer shall obtain and maintain a comprehensive "all-risk" general liability insurance policy, which policy shall (i) name Seller as additional insured, (ii) have liability limits of at least \$2,000,000 (\$1,000,000 primary and \$1,000,000 excess is acceptable) per occurrence, (iii) shall be issued by an insurance company with a financial strength rating of at least "A" and a financial size category of at least "VII" by A.M. Best, (iv) provide for written notice to Seller at least thirty (30) days prior to any cancellation or termination of coverage thereunder, and (v) be otherwise in form and content reasonably satisfactory to Seller; (b) Buyer shall provide, or cause its contractors to provide (1) evidence of worker's compensation insurance in force and effect, (2) evidence of employer's liability insurance in force and effect, (3) if vehicles are to be upon the Land of the Seller, then an auto policy of One Million Dollars combined, single limit with Seller as additional named insured thereon, and (4) if any soil sampling is to be performed by Buyer, evidence of pollution liability coverage with Seller named as additional insured thereon to the extent Buyer's contractor already carries such coverage; and (c) Buyer shall provide, or cause to be provided to,

Seller with a certificate of insurance evidencing that the insurance coverage described in the preceding clauses (a) and (b) are in full force and effect. All of such entries upon the Land will be at reasonable times during normal business hours and with reasonable prior notice to Seller, and Seller or Seller's agent shall be given the opportunity to accompany those entering during all activities performed by or on behalf of Buyer on the Land. Buyer shall name Seller as an additional insured for the insurance policies as may be required under the Remediation Management Agreement.

Section 6. Conditions to Closing.

6.1 Seller's Conditions. The following are conditions precedent to Seller's obligation to sell the Property:

(a) All statements made by Buyer in this Agreement shall be true, to the best of Buyer's knowledge and belief, when made and shall be true as of the Closing Date, without any material adverse change, except for any material adverse change of which Buyer has notified Seller in writing and which Seller has accepted in writing;

(b) Buyer shall not be in default in the performance of its obligations under this Agreement after satisfaction of the notice and grace periods provided in this Section 6.1 hereof;

(c) Entry of the Sale Order naming Buyer as the highest and best bidder. With the consent of Seller and Buyer in the Sale Order or on the record, the terms of this Agreement shall be modified by the Sale Order;

(d) Intentionally omitted;

(e) Buyer's execution of all of such agreements and deposit of such sums as required by the Settlement Agreement, including the Remediation Funds, and at the time of Closing Buyer shall have performed all conditions precedent to become designated as the Cost Cap Named Insured under Coverages K and L of the AISLIC Policy, except as such conditions may have been waived in writing by AISLIC;

(f) Buyer shall have made all Applicable Payments and Nonapplicable Payments required hereunder when due or within the applicable grace period provided in this Section 6.1; and

(g) Buyer shall not have sought stay, modification or reversal of the Sale Order or any other order of the Bankruptcy Court entered prior to the Effective Date (excluding the orders referred to in the appeal referenced in Section 11.17 hereof).

The conditions contained in this Section 6.1 are intended for the benefit of Seller. If any condition in this Section 6.1 is not satisfied, Seller shall have the right, in its sole and absolute discretion, to either waive the condition and proceed with the Closing or, to terminate this Agreement in accordance with Section 6.3, after written notice to Buyer without cure within 5 Business Days after notice for monetary matters or 30 days after notice for non-monetary matters.

6.2 Buyer's Conditions. The following are conditions precedent to Buyer's obligation to purchase the Property (the "**Buyer Conditions**") which must be satisfied or waived in a manner acceptable to Buyer in its sole and absolute discretion:

(a) The following condition is subject to satisfaction or waiver on or before the later of July 21, 2006 or the date upon which appeals or challenges to the Sale Order have been finally resolved, including any requests for rehearing:

(i) Entry of a Sale Order acceptable to Buyer, which shall not be subject to stay, and which shall not have been vacated or modified prior to Closing except with the consent of Buyer, unless the vacation or modification was sought by Buyer.

(b) The following conditions are subject to waiver or satisfaction on or before the 150th day after the Sale Approval Date:

(i) Execution and Bankruptcy Court approval of the Remediation Management Agreement as provided in Section 4.1(a). A fully executed Remediation Management Agreement shall be negotiated and executed by the necessary parties and submitted to the Bankruptcy Court within ninety (90) days after the Sale Approval Date. If Bankruptcy Court approval of the Remediation Management Agreement has not been obtained on or before 150 days from the Sale Approval Date, Buyer may terminate this Agreement by written notice to Seller.

(c) The following conditions are subject to waiver or satisfaction on or before the 240th day after the Sale Approval Date:

(i) City Approval of a Reimbursement Agreement in form and content acceptable to the City and Buyer with an entitlement schedule identifying entitlement milestones and the respective dates for accomplishing such milestones attached in a form acceptable to the parties thereto.

(ii) The DTSC shall have agreed in writing that Buyer qualifies as a "bonafide prospective purchaser" under the California Land Reuse and Revitalization Act of 2004, California Health and Safety Code Section 25395.61 et seq., and under CERCLA, 42 U.S.C. Section 9601 et seq., subject to the obligations of Buyer under Section 4.1 hereof.

(iii) City Approval of a Community Facilities District for the Property in form and content acceptable to the City and the Buyer in its sole discretion.

(d) The following conditions are subject to waiver or satisfaction on or before the Closing Date:

(i) All statements made by Seller in this Agreement shall be true, to the best of Seller's knowledge and belief, as of the Effective Date and shall be true as of the Closing Date, without any material adverse change, except for any material adverse change of which Seller has notified Buyer in writing and which Buyer has accepted in writing;

(ii) Seller shall not, as of the Closing Date, be in default in the performance of its obligations under this Agreement or the Settlement Agreement after satisfaction of the notice and grace period provided in Section 6.1 hereof;

(iii) The Title Company shall be irrevocably committed to issue to Buyer, at Seller's cost, a CLTA Owners title policy, or, at Buyer's election, an ALTA Owners title policy ("**Title Policy**"), in form and substance satisfactory to Buyer in the amount of the Purchase Price showing Buyer, as fee owner of the Land as provided under Section 5.3, subject to the Permitted Exceptions; provided, however, all endorsements shall be at Buyer's cost and; in the event that Buyer elects to purchase ALTA Extended Coverage, Buyer shall pay the additional premium costs in excess of the CLTA policy costs;

(iv) There shall have been no material adverse changes after the Effective Date and prior to the Closing Date in the condition, status or fitness of the Property for the uses contemplated under the Development Agreement;

(v) City Approval of a new or revised development agreement, a general plan amendment, specific plan and a tentative tract map(s) showing the final location of all residential lots and any other discretionary approvals required of the City of Santa Clarita, the expiration of all appeal periods and final resolution of any appeals, the resolution of all litigation filed with respect to such entitlement work and processes and the expiration of all statutes of limitation with respect to the foregoing items which are necessary to permit Buyer's residential and commercial development of the Project (defined in Section 8.1 below) as required by Buyer, in its sole discretion. "**City Approval**" means the final action required by the City for approval, the City's execution of all necessary documents, the acquisition of all City Council resolutions and the expiration of all judicial periods for appeal of that final action without an appeal being filed;

(vi) Buyer's procurement of a pollution legal liability insurance policy, which insurance shall be primary, from an insurance company ("**Buyer's Insurer**") and in an amount and with conditions and exclusions acceptable to Buyer in its sole discretion (the "**Buyer Insurance**") to provide liability with respect to coverage for the Property. Seller shall cooperate with Buyer to procure the Buyer Insurance, at no cost or liability to Seller, including, providing Buyer with any information or documents concerning the Existing Environmental Condition of the Property as set forth in Section 5.2 above;

(vii) All offsite rights-of-way and easements necessary for the development of the Property shall have been either acquired by Buyer or are under contract with Buyer;

(viii) City shall have issued Buyer a grading permit to complete the onsite remediation work concurrently with the rough grading of the Project;

(ix) The appropriate governmental agency shall have: (1) caused the applicable public water system to prepare complete and sufficient water supply assessments for the Project as set forth in Senate Bill 221 and Senate Bill 610 filed with the California Secretary of State on October 9, 2001; (2) determined on the basis of the water supply assessments

prepared for the Project that the project will have sufficient water supplies prior to Project completion in accordance with the applicable provisions of Senate Bill 221 and Senate Bill 610; (3) included the water supply assessment and all related information in the environmental impact report (EIR) prepared in conjunction with the Project's environmental review under the California Environmental Quality Act and certified in the EIR that the Project will have sufficient water supplies in accordance with Senate Bill 610; and (4) at the time that any tentative map, parcel map, or development agreement for the Project is approved, provided written verification from the applicable public water system that a sufficient water supply is available for the Project in accordance with Senate Bill 221. Nothing contained herein shall affect the CLWA Parties' rights and duties with respect to the assessment and provision of water supplies with respect to the Property and such rights and duties are expressly reserved for determination in accordance with applicable California law;

(x) Seller shall concurrently transfer to Buyer fee title to the SCLLC Land and Bermite Land subject to the Permitted Exceptions;

(xi) No party (other than Buyer) shall be in default under the Settlement Agreement, all fundings required by any party thereunder shall have been made, Buyer shall have access to the balance of the escrows and funds effective upon the deposit of the Remediation Funds in accordance with this Agreement and Closing, if any, for the Buyer's Remediation Obligations as provided under the Settlement Agreement, and Buyer shall have received an irrevocable written commitment from AISLIC that Buyer will be added as the Cost Cap Named Insured under coverages "K" and "L" of the Whittaker environmental insurance policy with AISLIC effective upon Closing;

(xii) Seller's cure of any non-monetary defaults under any Executory Contracts that Buyer has previously elected to assume.

The conditions contained in this Section 6.2 are intended for the benefit of Buyer. Buyer shall have the right, in its sole discretion, to extend the dates for satisfaction of the conditions specified in Section 6.2(a), (b) or (c) above for 60 days, but no such extension shall extend the Closing Date or the Closing Date Deadline. If Buyer fails to give notice of nonsatisfaction by the date specified above, the condition shall be deemed waived. Except with respect to Section 6.2(a), if any condition in this Section 6.2 is not timely satisfied, Buyer shall have the right, in its sole and absolute discretion, to either waive the condition and proceed with the Closing or to terminate this Agreement as set forth in Section 6.3 by written notice to Seller after written notice to Seller without cure within 5 Business Days after notice for monetary matters or 30 days after notice for non-monetary matters.

Anything in this Section 6.2 to the contrary notwithstanding, unless otherwise agreed to in writing by Buyer and Seller, in no event shall any of the foregoing Buyer's conditions extend the Closing beyond the Closing Date Deadline set forth below. Accordingly, unless otherwise agreed to in writing by Buyer and Seller, the Closing Date Deadline shall serve as a date beyond which the Close of Escrow shall not occur, regardless of the status or satisfaction of any one or more of Buyer's conditions above.

6.3 Election to Terminate.

(a) Buyer, in its sole and absolute discretion, may elect to terminate this Agreement at any time prior to the Closing Date, by written notice to Seller. Except as provided in Section 2.5, if Buyer terminates before Closing, Seller shall retain the Payments then made and Buyer shall pay the Payments then due.

(b) Upon the occurrence of a default by Buyer under this Agreement, after applicable notice and cure periods, Seller, in its sole and absolute discretion, may elect to terminate this Agreement at any time prior to the Closing Date by written notice to Buyer. Except as provided in Section 2.5, if Seller terminates before Closing, Seller shall retain all of the Payments then made and Buyer shall pay any Payments then due.

(c) Upon termination of this Agreement, neither Party will have any further obligations to the other except as specifically set forth in this Agreement and Buyer shall advance to Seller a final Applicable Monthly Payment to the extent required under Section 2.2(d).

Section 7. Closing and Escrow.

7.1 Closing Date. Subject to the conditions set forth in this Agreement, the purchase and sale of the Property shall take place (the "**Closing**") on or before the Closing Date Deadline. Buyer shall have the right to extend the Closing Date Deadline to the 900th day after the Sale Approval Date by written notice to Seller and payment of the Cost Reimbursement to Seller on or before the Closing Date Deadline. Buyer shall have the right to further extend the Closing Date Deadline to the third anniversary of the Sale Approval Date by written notice to Seller and payment of the Extension Fee on or before the 900th day after the Sale Approval Date. Notwithstanding the foregoing, for administration convenience, either party may extend the Closing, one time, (which may include an extension of the Closing Date Deadline) for a period of time not to exceed ten (10) business days by written notice to the other party on or before the previously scheduled Closing Date.

7.2 Closing. The Closing shall be consummated through the Title Company.

7.3 Closing Deliveries by Seller. By Closing, Seller shall deposit into Escrow the following documents:

(a) Two standard title company grant deeds (the "**Grant Deeds**") duly executed by SCLLC and Bermite conveying fee simple title to the SCLLC Land and the Bermite Land, respectively, to Buyer, or its nominee, subject to the Permitted Exceptions, in accordance with Section 5.3(b);

(b) The Assignments set forth in Section 7.5 duly executed by Seller;

(c) A certificate duly executed by Seller in a form reasonably satisfactory to Buyer and Seller representing that all of the representations and warranties made by Seller under this Agreement are true and correct as of the Closing Date;

(d) Such documentation as is satisfactory to Buyer in its sole discretion to establish that the transaction contemplated by this Agreement is not subject to withholding under FIRPTA or Revenue and Taxation Code Sections 18805(a)(2) and 26131(a)(2) ("*Non-Foreign Certification*");

(e) The Sale Order;

(f) Such additional documents which are required of Seller under the Settlement Agreement;

(g) Such additional documents including, but not limited to, written escrow instructions consistent with this Agreement, as are reasonably required by the Title Company or otherwise required to close the Escrow and consummate the purchase and sale of the Property under this Agreement; and

(h) Any other documents required by the Bankruptcy Court or reasonably requested by Buyer.

7.4 Closing Deliveries by Buyer. By Closing, Buyer shall deposit into Escrow the following:

(a) The balance of the Purchase Price and all additional amounts due hereunder in immediately available funds;

(b) The Assignments set forth in Section 7.5 duly executed by Buyer;

(c) A certificate duly executed by Buyer in form reasonably satisfactory to Buyer and Seller representing that all of the representations and warranties made by Buyer under this Agreement are true and correct as of the Closing Date.

(d) Such additional documents including, but not limited to, written escrow instructions consistent with this Agreement, as are reasonably required by the Title Company or otherwise required to close the Escrow and consummate the purchase and sale of the Property under this Agreement;

(e) The documentation, deposits, funding and any other requirements of Buyer under the Settlement Agreement and this Agreement; and

(f) Any other documents required by the Bankruptcy Court or reasonably requested by Seller.

7.5 Assignments. By or on the Closing, Seller shall deliver the following assignments (the "*Assignments*") (in form and substance reasonably acceptable to Seller, Buyer and Buyer's engineers and counsel):

(a) Personal Property. Seller's assignment to Buyer of Seller's interests in the Personal Property, including the Insurance Claims, Contamination Claims, and Seller Insurance, subject to the exclusions set forth in this Agreement.

(b) Entitlements/Reimbursements. Seller's assignment to Buyer, without warranty, express or implied, of Seller's Development Agreement and other Seller entitlements with the City, or other third parties, including the rights to any reimbursements or fee credits. Nothing contained herein shall have the effect of determining whether or to what extent the Seller has any entitlements, rights or interests with respect to water assessment and supplies that may be assigned to the Buyer by reason of any provisions herein.

(c) Architectural, Engineering, Remediation Plans. Seller's assignment without warranty, express or implied, to Buyer of any architectural, engineering, or remediation plans, concerning the Land.

(d) Executory Contracts. Seller's non-exclusive assignment, without warranty, express or implied, to Buyer of all Seller's rights under those design, construction or consulting agreements or other executory contracts listed on Schedule 2, which Buyer elects to accept and assume, including, if any, all representations, warranties, indemnities, additional insured covenants, and guarantees provided to Seller by third parties, and Buyer shall only assume obligations under the same for any future work or services to be furnished to Buyer at Buyer's request after the Close of Escrow, excluding Seller's rights or indemnifications under the Settlement Agreement, the settlement agreement with the City or this Agreement. Nothing contained herein shall have the effect of determining the existence or terms of any purported executory contract with the CLWA Parties respecting water assessment and supplies or whether such contract may be assigned to Buyer by reason of any provision herein.

(e) Other. Such other assignments without warranty as the Parties may agree under the circumstances, as may be reasonably necessary to close the Escrow and consummate the purchase and sale of the Property under this Agreement, and such other documents as required by the Settlement Agreement and Development Agreement. Additionally Seller shall make reasonable arrangements for delivery or pickup of the documents specified on Schedule 1 and the Material Documents which have not been previously delivered to Buyer, outside of escrow.

7.6 Prorations. Current (not delinquent) general ad valorem real property taxes payable in the fiscal year in which the Closing Date occurs shall be prorated as of the Closing Date (the "**Proration Date**"). If such taxes have not been determined as of the Proration Date, the proration shall be based upon the product of the taxes for the prior fiscal year and a factor of 1.025 and the Parties shall make any adjustments and effect any refunds to one another outside of Escrow upon receipt of the actual tax bills. If after the Proration Date any supplemental real property taxes or any other additional real property taxes or assessments that are applicable to the period prior to the Proration Date are levied for any reason, including, without limitation, back assessments, escape assessments or any assessments under "Proposition 8", then Seller shall pay all such additional taxes and assessments, to the extent applicable to the period prior to the Proration Date. Any utility charges, annual permits and/or inspection fees (calculated on the basis of the period covered), and other expenses of the operation and maintenance of the Property shall be prorated as of 12:01 a.m. on the Proration Date on the basis of a 365-day year. Seller and Buyer hereby agree that if any of the prorations cannot be calculated accurately on the Proration Date, then they shall be calculated as soon as reasonably possible after the Proration Date and any adjustments shall be paid within ten (10) Work Days of the subsequent proration

together with interest at the rate of 10% per annum if not paid within ten (10) Work Days after written demand. The provisions of this Section 7.6 shall survive the Closing.

7.7 Title Policy and Closing Costs. Seller shall pay the documentary transfer taxes and the cost of the premium for a CLTA policy of title insurance. Should the Buyer require an ALTA title insurance policy or any endorsements to the CLTA or ALTA policy, Buyer shall pay the incremental difference of cost. Buyer shall perform and pay for its own boundary survey, should Buyer elect to obtain such a survey. Seller and Buyer shall each pay one-half of the escrow fees, costs and charges of the Closing.

7.8 Possession. Possession of the Property shall transfer to Buyer at the Closing.

7.9 Closing. At the Closing, the Title Company shall: (a) record the Grant Deeds and Sale Order; (b) record such Assignments as Buyer may request including, without limitation, an assignment of the Development Agreement, (c) issue the Title Policy to Buyer; (d) deliver the Purchase Price less closing adjustments to Seller; (e) deliver a conformed copy (showing all recording information thereon) of the Grant Deeds, any Assignments that may have been recorded and fully executed originals of the Non-Foreign Certifications and Assignments to Buyer, and (f) deliver such other documentation, agreements, releases, and assignments as may be required by this Agreement to the appropriate party. The Title Company shall also prepare and sign closing statements showing all receipts and disbursements and deliver copies to Buyer and Seller and, if applicable, shall file with the Internal Revenue Service (with copies to Buyer and Seller) the reporting statement required under Section 6045(e) of the Internal Revenue Code.

Section 8. Additional Covenants. Buyer and Seller covenant and agree as hereinafter provided in this Section 8, provided that, except as provided in Section 8.2, no such matters shall be recorded against the Property or create any binding financial or other obligation on the Property or Seller prior to Closing, without the Seller's written consent:

8.1 Entitlement and Processing Development Plans. In consultation with Seller, Buyer and its affiliates shall have the right during the term of the Agreement to process all entitlements for its residential and commercial development of the Property (the "*Project*") in general conformity with the existing Porta Bella Specific Plan and Development Agreement but modified as Buyer in its sole discretion deems necessary provided that such entitlements will not take effect until Closing. Seller agrees to execute any and all documents that may be required to gain the approval by any governmental body or agency including, but not limited to, any plans, maps or agreements submitted by Buyer for approval. The cost or expense of any such applications by Buyer pursuant to this paragraph shall be borne solely by Buyer. Seller shall reasonably cooperate with and assist Buyer in obtaining all such entitlements and other governmental approvals required for such development of the Property. Seller shall not be required to spend any money nor incur any liability in fulfilling the obligations set forth in this paragraph. Under no circumstances shall any such documentation, processing and/or relocation result in the imposition of any obligations, liabilities, liens or other monetary encumbrances which would survive termination of this Agreement.

8.2 Community Facility District. Buyer may, during the term of this Agreement, include the Land within the boundaries of a community facilities district ("*CFD*"), provided such

action does not in any way affect the current operation of the Property. Further, such action shall not allow Buyer to issue bonds and/or to encumber the Land with any debt or liens unless Seller first agrees to such debt and/or assessment and Buyer agrees to hold Seller harmless from any such debt and/or assessment. Further, in the event of termination of this Agreement prior to close of escrow, Buyer shall use its commercially reasonable efforts to cause the Land to be removed from the boundaries of such CFD. All cost under this provision shall be paid by Buyer and Seller shall not be responsible for any costs associated with Buyer's CFD. Notwithstanding the preamble to Section 8, if Buyer has met the requirements of this Section 8.2 and the CFD does not materially diminish the value or merchantability of the Property, Seller shall consent to the recordation of the CFD prior to Closing.

8.3 Intentionally omitted.

8.4 Mutual Cooperation. Seller and Buyer each covenant to cooperate with the other in pursuing the matters required to be performed by the other as set forth in this Agreement and in otherwise fulfilling the conditions to Closing. At Buyer's or Seller's request, Buyer or Seller shall execute and deliver all documents, join in any applications and otherwise reasonably cooperate with and assist Buyer or Seller, as required in: (a) obtaining any governmental or quasi-governmental approvals necessary (i) to complete the remediation work relating to the Property, and (ii) to develop the Project, including without limitation, CEQA processing, general plan amendments, specific plans or amendments thereto, annexations, rezoning or zoning variances, development agreements and development agreement amendments, use permits, environmental review documentation, design review documentation, development plans and parcel and subdivision maps; and (b) establishing a CFD or annexing into any assessment, special assessment, utility or benefit district, service area or fee benefit area incidental to the development of the Property (collectively, the "*Buyer Entitlements*"); provided, however, that Buyer shall pay any costs, except those costs already incurred by Seller prior to the Effective Date, with respect to obtaining the Buyer Entitlements, including design review. Seller shall not unreasonably interfere with or oppose, or request any other person or entity to interfere with or oppose, any such proposal of Buyer. Copies of all written plans and maps submitted to governmental authorities shall be made available to Seller or upon written request delivered to Seller.

8.5 Preservation of the Property. Seller shall not: (a) sell, encumber or transfer any interest in all or any portion of the Property between the Effective Date and the Closing Date, except for debtor in possession financing as provided in Section 5.3(b), which will be removed by either Seller's payment of money at Closing or the Sale Order, (b) take any action that would or could adversely affect title to the Property; or (c) without Buyer's written consent, which shall not be unreasonably withheld, conditioned, or delayed, enter into any agreement of any type affecting the Property that would or could survive the Close of Escrow. Seller shall not make any improvements or material alterations to the Property other than as required by this Agreement, or as required by State and/or Federal authorities in connection with the Existing Environmental Condition of the Property, without Buyer's prior written consent which shall not be unreasonably withheld or delayed, and shall use reasonable efforts to maintain the Property and all licenses, permits and rights appurtenant to the Property in their current condition subject to the conduct of ongoing remediation.

Section 9. Representations and Warranties.

9.1 Seller's Representations and Warranties. Seller makes the following covenants, representations and warranties to the best of its knowledge and belief for the benefit of Buyer as of the Sale Approval Date and the Closing Date:

(a) Documents. Seller shall, by expiration of the Document Period, have delivered or made available to Buyer, copies of all existing Material Documents. Seller represents and warrants that those Material Documents provided or made available to Buyer: (i) constitute all of the documents in Seller's possession or control reasonably believed by Seller to be material to the acquisition, development, subdivision or marketing of the Property and to the environmental conditions of the Land and include, without limitation, all Insurance Policies and all Litigation Documents; (ii) to the best of Seller's knowledge are true, correct and complete copies of what they purport to be; and (iii) will not be modified by Seller, except by order of a government agency, court or the Bankruptcy Court or with the consent of Buyer at any time prior to the Closing Date. Without limiting the foregoing representations and warranties, Seller represents and warrants, to the best of Seller's knowledge, that there are no documents in Seller's possession or control that have not been made available to Buyer, including Seller's insurance documents, which contain material information concerning the Property which is materially inconsistent with the information disclosed to Buyer in the Material Documents.

(b) Physical Condition and Environmental Matters. Except as disclosed in the Material Documents identified on the Document Schedule:

(i) There are no wetlands, endangered species or protected habitat, flora or fauna on the Land of which Seller is aware other than those disclosed in writing by Seller to Buyer, and

(ii) To the Seller's knowledge, except for the Existing Environmental Condition, and all matters filed in the Bankruptcy Court and any future orders of a governmental agency or court, there are no laws applicable to Seller, the Property, or the transaction covered by this Agreement that would require Seller to provide notice to, to take actions to satisfy, or to obtain the approval of, any governmental entity as a condition to the consummation of the transactions contemplated by this Agreement.

(c) Ordinances. Except as disclosed in the Material Documents and the Existing Environmental Condition, all Bankruptcy Court filings, the settlement agreement between Seller and the City of Santa Clarita with respect to the Development Agreement and the matters disclosed in the Settlement Agreement, to the best of Seller's knowledge, the Property is not in violation of any applicable laws, ordinances, rules, regulations, judgments, orders or covenants, conditions and restrictions, whether federal, state, local or private. Except as disclosed in the Material Documents and the Existing Environmental Condition, all Bankruptcy Court filings, the settlement agreement between Seller and the City of Santa Clarita with respect to the Development Agreement, and the matters disclosed in the Settlement Agreement, Seller has not received any formal or informal notice of violation or request to modify or terminate any use of the Property from a governmental or quasi-governmental authority.

(d) Condemnation and Government Proceedings. Except as disclosed in the Material Documents and except for the Golden Valley Road and Metrolink condemnation there are no presently pending or, to the best of Seller's knowledge, contemplated (i) proceedings to condemn the Property or any part of it as a nuisance, nor (ii) assessment district proceedings nor any moratoria nor government policies that would preclude or materially limit development of the Property as contemplated by the Development Agreement.

(e) Authorization. Subject to Bankruptcy Court approval of any terms or conditions herein to the extent required by law, this Agreement and all other documents executed by Seller and delivered by Seller to Buyer shall be: (i) duly authorized, executed and delivered by Seller, (ii) legal, valid and binding obligations of Seller (and, with respect to those documents which are instruments of conveyance, sufficient to convey title); and (iii) enforceable in accordance with their respective terms.

(f) No Options. Except for that certain Memorandum of Option and related Option Agreement (Santa Clarita Neighborhood Shopping Center) between SCLLC and T. Daniel Adams (et al) (the "*Option*") which is being consensually removed pursuant to a settlement between the parties, no individual or entity holds any option, right of first refusal or other right to purchase all or any part of the Property or any interest in the Property.

(g) Seller Claims/Actions and Defaults. Except as disclosed: (i) on Schedule 4 attached hereto (the "*Litigation Schedule*"), (ii) in this Agreement, and (iii) in the Settlement Agreement, (iv) in the filings with the Bankruptcy Court, there are no existing actions, suits, claims, proceedings, judgments, orders, decrees, arbitrations, awards, defaults, delinquencies, or deficiencies pending, outstanding or, to the best of Seller's knowledge, threatened against Seller or the Property. Except as may otherwise be provided in this Agreement, the Settlement Agreement and Bankruptcy Court filings, all matters disclosed on the Litigation Schedule (collectively the "*Seller Claims*"), and any and all costs, expenses, losses, or liabilities resulting from or arising out of such matters, are wholly and completely the responsibility of Seller and are not being assumed, in whole or in part, by Buyer. Except as may otherwise be provided in this Agreement, Seller will deliver title to the Property to Buyer free and clear of any liens or other encumbrances related to the Seller Claims with and to the extent provided in Section 5.3 hereof except obligations assumed by Buyer pursuant to Section 4.1, and obligations imposed upon Buyer under applicable law as a result of ownership of the Property including any liabilities and obligations to Seller or third parties including the CLWA Parties, Whittaker, DTSC and any governmental entity for cleanup and remediation.

(h) Agreements with Governmental Authorities. Except as disclosed in the Title Report, the filings with the Bankruptcy Court or the Material Documents, there are no agreements between Seller and any governmental authorities, agencies, utilities or quasi-governmental authorities that would or could adversely affect Buyer's interest in the Property after the Closing Date.

(i) No Consent. Except for the Bankruptcy Court Approvals, no consent from, or notice to, any federal, state or local government, bureau, department, court commission or agency, or any other person or entity, whether or not governmental in character, is required to permit Seller to execute, deliver and perform all its obligations under this Agreement.

(j) Title to the Property. As of the Effective Date, except as described in the Title Report or the filings with the Bankruptcy Court, to the best of Seller's knowledge, there are no unrecorded or undisclosed legal or equitable interests in the Property owned or claimed by any person, firm or corporation.

(k) Representations Not Misleading. To the best of Seller's knowledge and belief, the representations and warranties made by Seller contain no untrue statement of material fact.

(l) City Claims. From and after the Sale Approval Date, Seller agrees not to file and/or prosecute any claims, rights, or causes of action against the City of Santa Clarita in connection with the Property, excepting actions concerning Golden Valley Road and/or the Metrolink Land or any future condemnation or as may be necessary to preserve, protect and defend the assets of the bankruptcy estate, provided that such litigation shall not contest Buyer's pre-Closing efforts to modify the Development Agreement after Closing in accordance with Section 8.1 hereof or otherwise be inconsistent with the purposes of this Agreement. This covenant shall not survive the Close of Escrow but shall terminate if Buyer fails to purchase the Property for reasons other than Seller's default under this Agreement. Buyer may exercise all remedies of law or in equity in the event of a breach of this covenant.

9.2 Buyer's Representations and Warranties. Buyer makes the following representations and warranties for the benefit of Seller as of the Sale Approval Date and the Closing Date, unless otherwise specified below:

(a) Authorization. At the time of their execution and delivery, this Agreement and all other documents executed by Buyer and delivered by Buyer to Seller shall be: (i) duly authorized, executed and delivered by Buyer; (ii) legal, valid and binding obligations of Buyer; and (iii) enforceable in accordance with their respective terms.

(b) Breaches of Agreements. Upon Bankruptcy Court approval, the execution of this Agreement and all related documents, and the full and complete performance by Buyer of all of its obligations under this Agreement and all related documents, will not violate, result in any breach of, constitute (with or without the giving of notice or the passage of time or both) a default under or trigger the acceleration of any agreement, bond, indenture, mortgage, deed of trust, bank, loan or credit agreement or other instrument to which Buyer is a party or by which Buyer is bound. Buyer is not in default under any note, evidence of indebtedness, lease, contract, license, undertaking or other agreement such that the default might impair Buyer's ability to perform its obligations under this Agreement.

(c) No Consent. Other than Bankruptcy Court approval and as contemplated in Section 6.2, no consent from, or notice to, any federal, state or local government, bureau, department, court commission or agency, or any other person or entity, whether or not governmental in character, is required to permit Buyer to execute, deliver and perform all its obligations under this Agreement. This acquisition has been approved by Buyer's most senior management.

(d) Representations Not Misleading. The representations and warranties made by Buyer contain no untrue statement of material fact.

(e) Buyer Due Diligence. Buyer shall have made its own due diligence investigations and studies with respect to the Property and its feasibility for Buyer's intended use and development thereof, and Buyer shall, except for those representations, covenants, and warranties of Seller expressly set forth in this Agreement, rely entirely on its own investigations and studies and on the advice of its consultants in electing to purchase and develop the Property.

(f) Settlement Agreement Approval. As of the date hereof, Buyer is pre-qualified to be added as Cost Cap Named Insured under coverages K and L of the AISLIC Policy.

9.3 Changed Circumstances. Intentionally Deleted.

9.4 Breach of Representation and Warranty. If any representation and warranty that materially affects the rights or assets of a Party under the terms of this Agreement is materially untrue, either as of the Effective Date or on the Closing Date, the Party who discovers such breach shall promptly notify the other Party and the Party who made the representation and warranty shall have until the earlier of sixty (60) days after written notice or the Close of Escrow to take all actions, at its sole cost, to remedy the breach. If such breach is not remedied to the reasonable satisfaction of the other Party, then the other Party may exercise all remedies available at law or in equity subject to the limitations in Sections 2.4 and 2.5 (provided that the foregoing limitation shall not apply to Buyer's breaches under the Remediation Management Agreement). In the event of such a breach by Seller, Buyer may elect to terminate this Agreement prior to Closing as provided in Section 6.3.

Section 10. Loss by Casualty or Condemnation.

10.1 Risk of Loss. In the event of any casualty by reason of an Act of God that would or could materially affect the capability or suitability of the Property to support the development contemplated by this Agreement or that would or could materially increase the cost of development, Buyer shall have the right, in its sole discretion, to terminate this Agreement. In the event of loss or damage to the Property which is not repaired prior to Closing and provided Buyer proceeds to Closing, Seller shall assign to Buyer all of Seller's right, title and interest in and to any casualty insurance policies or proceeds thereof relating to the Property.

10.2 Condemnation.

(a) Condemnation Other Than Golden Valley Road and Metrolink. Except for the Golden Valley Road and Metrolink acquisitions by the City, if, prior to the Closing Date, any proceedings are commenced to take all or any material portion of the Property by eminent domain, or any individual or entity with the power of eminent domain threatens in writing to take all or a material portion of the Property, Buyer shall have the right, in its sole discretion, to terminate this Agreement. If Buyer does not elect to terminate, Buyer shall have the right to participate in the proceedings in order to attempt to maximize the amount of the award, minimize the adverse impact of the taking and otherwise protect its interests. If Buyer does not elect to terminate or the taking is immaterial and the taking is completed and paid for before Closing, the

portion of the Property taken shall be excluded from the Property and the Purchase Price shall be reduced by the entire amount awarded to Seller, including without limitation severance damages, except that Seller may deduct its attorneys' fees and other costs incurred in connection with the taking (the "*Permitted Reduction*") before crediting the remainder of the award to the Purchase Price. If Buyer does not elect to terminate or the taking is immaterial and the taking is not completed and funded until after Closing, Seller shall assign to Buyer at Closing its interest in the portion of the Property so condemned and Seller's claim for compensation for such condemnation and the Purchase Price shall not be modified. Seller shall notify Buyer in writing immediately upon receipt of notice, and in any event prior to Closing, of any pending or threatened condemnation proceeding against all or any portion of the Property. Seller shall request that the condemning authority allocate any award between the Property and any other property which is the subject of the condemnation.

(b) Intentionally omitted.

(c) Buyer's payment of \$5,200,000 for the Metrolink Claims which amount is included in the Closing Payment shall otherwise be in accordance with the Notice of Conditional Settlement between Debtors and the City of Santa Clarita dated November 30, 2004. The City's payment of \$1,000,000 pursuant to the aforesaid Notice of Conditional Settlement shall be made to Seller and is separate from the Purchase Price.

Section 11. Miscellaneous.

11.1 Attorneys' Fees. The Parties agree that they shall be responsible for their own fees and costs incurred in connection with all aspects of the proceedings before the Bankruptcy Court with respect to the Procedures Motion, the Sale Motion, the Priming Lien Motion and the Plan and Disclosure Statement. If any legal action or other proceeding is commenced to enforce or interpret any provision of, or otherwise relating to the Priming Lien after entry of the Priming Lien Order, or this Agreement, after entry of the Sale Order approving Buyer as the highest and best bidder, the losing party shall pay the prevailing party's actual expenses incurred in the investigation of any claim leading to the proceeding, preparation for and participation in the proceeding, any appeal or other post judgment motion, and any action to enforce or collect the judgment including contempt, garnishment, levy, discovery and bankruptcy. For this purpose "expenses" include, without limitation, court or other proceeding costs and reasonable experts and attorneys' fees and their expenses. The phrase "prevailing party" shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

11.2 Construction of Agreement. The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

11.3 Further Assurances and Survival. Each party, at any time before or after the Closing, shall at its own expense execute, acknowledge and deliver any additional deeds, assignments, conveyances and other assurances, documents and instruments reasonably requested by the other party, and shall take any other action consistent with the terms of this

Agreement that may reasonably be requested by such other party, for the purpose of confirming and effectuating any of the transactions contemplated by this Agreement. The representations and warranties made by each party in this Agreement shall survive Closing for a period of twelve (12) months and shall not merge with transfer of title; provided that (i) no claim shall be made based upon a breach of warranty or misrepresentation unless the non-breaching party notifies the breaching party of the breach within thirty (30) days of the discovery of such breach by the non-breaching party or, if discovered prior to the Closing Date, by the Closing Date, (ii) any recovery of monetary damages for all claims against a party hereto shall not exceed, in the aggregate, \$100,000.

11.4 Notices. All notices, consents, requests, demands or other communications to or upon the respective parties shall be in writing and shall be effective for all purposes upon receipt on any Work Day before 5:00 pm local time and on the next Work Day if received after 5:00 pm or on other than a Work Day, including without limitation, in the case of (a) personal delivery, (b) delivery by messenger, express or air courier or similar courier, (c) delivery by United States first class certified or registered mail, postage prepaid, and (d) transmittal by electronically confirmed telecopier or facsimile, addressed as follows:

To Buyer: SunCal Santa Clarita LLC
c/o SunCal Companies
21900 Burbank Boulevard
Woodland Hills, California 12367
Attention: Frank Faye
Telephone: 818.444.1600
Facsimile: 818.444.1621

With copies to: SunCal Santa Clarita, LLC
c/o SunCal Companies
2392 Morse Avenue
Irvine, CA 92614
Attn: Bruce Elieff and Bruce V. Cook, Esq.
Telephone: 949.777.4000
Facsimile: 949.777.4280

Cherokee Santa Clarita, LLC
c/o Cherokee Investment Partners
4600 S. Ulster Street
Suite 500
Denver, Colorado 80237
Attn: Dwight Stenseth
Guy Arnold
Telephone: (303) 689-1460
Telecopy: (303) 689-1461

To Seller: Santa Clarita, LLC
Bermite Recovery, LLC
c/o Avion Holdings, LLC
3200 North Central Avenue, Suite 1570
Phoenix, Arizona 85012
Attn: Neil Elsey
Telephone: (602) 238-9007
Telecopy: (602) 238-9017

With a copy to: Alisa C. Lacey, Esq.
Stinson Morrison Hecker
1850 North Central Avenue, Suite 2100
Phoenix, AZ 85004-6925
Telephone: (602) 212-8628
Telecopy: (602) 240-6925

In this Agreement "**Business Days**" or "**Work Days**" means days other than Saturdays, Sundays, and federal and Arizona and California legal holidays. Either party may change its address by written notice to the other in the manner set forth above. Receipt of communications by United States first class or registered mail shall be sufficiently evidenced by return receipt. Receipt of communication by facsimile shall be sufficiently evidenced by a machine-generated confirmation of transmission without notation of error. In the case of illegible or otherwise unreadable facsimile transmission, the receiving party shall promptly notify the transmitting party of any transmission problem and the transmitting party shall promptly resend any affected pages.

11.5 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust or other relationship with duties or incidents different from those of parties to an arm's-length contract.

11.6 Severability. The provisions of this Agreement are intended to be severable and enforced to the maximum extent permitted by law. If for any reason any provision of this Agreement shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then that provision shall be ineffective only to the extent of the invalidity, illegality or unenforceability and in that jurisdiction only, without in any manner affecting the validity, legality or enforceability of the unaffected portion and the remaining provisions in that jurisdiction or any provision of the Agreement in any other jurisdiction. The unaffected portion and provisions of the Agreement will be enforced to the maximum extent permitted by law.

11.7 Assignability. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. Buyer shall not assign all or any portion of its interests in this Agreement without the prior written consent of Seller and Whittaker, which shall not be unreasonably withheld, taking into account the requirements that an assignee qualify and take actions necessary under the Settlement Agreement, the AISLIC Policy and the Remediation Management Agreement and all other closing requirements of Seller pursuant to Section 6.1. Seller shall not assign all or any portion of its interest in this Agreement without the

prior written consent of Buyer, which shall not be unreasonably withheld. The entering of agreements prior to Closing to sell portions of the Property to third parties after Closing shall not be deemed an assignment. This provision shall not create rights in favor of any third party not a signatory to this Agreement. Notwithstanding the foregoing, any and all assignments shall be subject to Bankruptcy Court approval. Buyer and Seller acknowledge and agree that they have no legal right to assign interests or contingent interests under or concerning the AISLIC Policy, which is a contract between AISLIC and Whittaker. In the event that Buyer becomes the Cost Cap Named Insured under the AISLIC Policy effective upon Closing, Buyer acknowledges and agrees that any assignment of interests under or assignment of the AISLIC Policy, in whole or in part, must comply with Section VII. Conditions, Paragraph A. Assignment of the AISLIC Policy as amended by the Cost Cap Additional Insured Endorsement, paragraph 13.

11.8 Time of the Essence. Time is of the essence in the performance of each party's respective obligations under this Agreement.

11.9 Transaction Expenses. Whether or not the transactions contemplated by this Agreement are consummated, each party shall pay its own fees and expenses incident to the negotiation, preparation, execution, authorization (including any necessary meetings or actions) or delivery of this Agreement and in consummating the transactions contemplated by this Agreement, including, without limitation, the fees and expenses of its attorneys, accountants and other advisors.

11.10 Waiver, Modification and Amendment. No amendment of, supplement to or waiver of any obligations under this Agreement will be enforceable or admissible unless set forth in a writing signed by the party against which enforcement or admission is sought. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted shall apply solely to the specific instance expressly stated.

11.11 Brokers' Fees. Seller represents to the Buyer that it has not dealt with any agent or broker in connection with this transaction. Buyer represents that it has not worked with any agent or broker in connection with this transaction. Each party will indemnify, defend and hold the other harmless from and against all claims, liability, costs, damage or expenses (including without limitation attorneys' fees and costs) on account of any brokerage commission or finder's fees claimed to be due as a result of the agreement or activities of the indemnifying party. The provisions of this Section shall survive the Closing and any termination of this Agreement.

11.12 Counterparts. This Agreement may be executed in any number of counterparts and by facsimile signature and each counterpart and facsimile shall be deemed to be an original document. All executed counterparts together shall constitute one and the same document, and any counterpart signature pages may be detached and assembled to form a single original document.

11.13 Integration. This Agreement constitutes the final and complete agreement of the parties hereto.

11.14 Choice of Laws. Any dispute regarding the interpretation of this Agreement, the performance of the parties pursuant to the terms of this Agreement, or the damages accruing to a party by reason of any breach of this Agreement shall be determined under the laws of the State of California, without reference to principles of choice of laws.

11.15 Exhibits. The following Exhibits and Schedules were attached to and filed with the Bankruptcy Court as part of the Amended and Restated Purchase and Sale Agreement and Joint Escrow Instructions entered into as of November 14, 2005 by and between Santa Clarita, LLC, a Delaware limited liability company; Bermite Recovery, LLC, a Delaware limited liability company; and Remediation Financial, Inc., an Arizona corporation, as "Seller," and SunCal Santa Clarita LLC, a Delaware limited liability company, as "Buyer," are unchanged except as indicated below, shall be deemed to be a part of this Agreement, and are fully incorporated by reference:

Exhibit A	-	Map of Land [Unchanged]
Exhibit A-1	-	Legal Description [Unchanged]
Exhibit B	-	Intentionally Deleted
Exhibit B-1	-	Intentionally Deleted
Schedule 1	-	Documents [Unchanged]
Schedule 2	-	Seller Contracts [Unchanged]
Schedule 3	-	Procedures Motion Requirements [Unchanged]
Schedule 4	-	Litigation Schedule [Unchanged]

11.16 Jurisdiction. Notwithstanding anything to the contrary contained herein, each party to this Agreement agrees that the Bankruptcy Court has exclusive jurisdiction to enforce this Agreement and the Sale Order, including damage or remedy, and to adjudicate any dispute, claim or controversy under this Agreement and hereby consents to the personal jurisdiction over such party by the Bankruptcy Court.

11.17 Releases. Effective upon the Sale Approval Date, the Seller, on the one hand, and the Buyer and Cherokee Santa Clarita, LLC, on the other hand, shall each execute and deliver complete mutual releases in a form to be agreed upon prior to the entry of the Sale Order. These releases shall be unconditional as to all parties and shall include, cover and extend to the agents, attorneys, representatives, officers, employees and owners of all those released. The releases shall except obligations undertaken by or in connection with this Agreement.

11.18 Dismissal of Appeal. Effective upon the Sale Approval Date, Buyer shall withdraw, with prejudice, the Notice of Appeal dated May 22, 2006 in Case No. 2-04-10485-CGC (and cases jointly administered under such case number) along with Buyer's pending Motion for Leave to File Interlocutory Appeal, and further waives all rights of appeal or rehearing in respect of the subject matter of such appeal.

11.19 No Breakup Fee/Expense Reimbursement. Buyer acknowledges that, effective upon the Sale Approval Date, no breakup fee or expense reimbursement shall be payable to Buyer.

SIGNATURES ON FOLLOWING PAGE

SELLER:

SCLLC:

SANTA CLARITA, LLC, a Delaware limited liability company, by and through its Managing Member, Remediation Financial, Inc.

By: _____
Name: Myla Bobrow
Title: President

BUYER:

SUNCAL SANTA CLARITA, LLC
a Delaware limited liability company

By:  _____
Name: Frank Faye
Title: Authorized Agent

BERMITE:

BERMITE RECOVERY, LLC, a Delaware limited liability company, by and through its Managing Member, Remediation Financial, Inc.

By: _____
Name: Myla Bobrow
Title: President

RFI:

Remediation Financial, Inc., an Arizona corporation

By: _____
Name: Myla Bobrow
Title: President

REVIEWED AND APPROVED:

AVION HOLDINGS, LLC, in its limited capacity as designated representative for the Bankruptcy Estates

By: _____
Name: Neil Elsey
Title: Its Managing Member

EXHIBIT A
MAP OF LAND

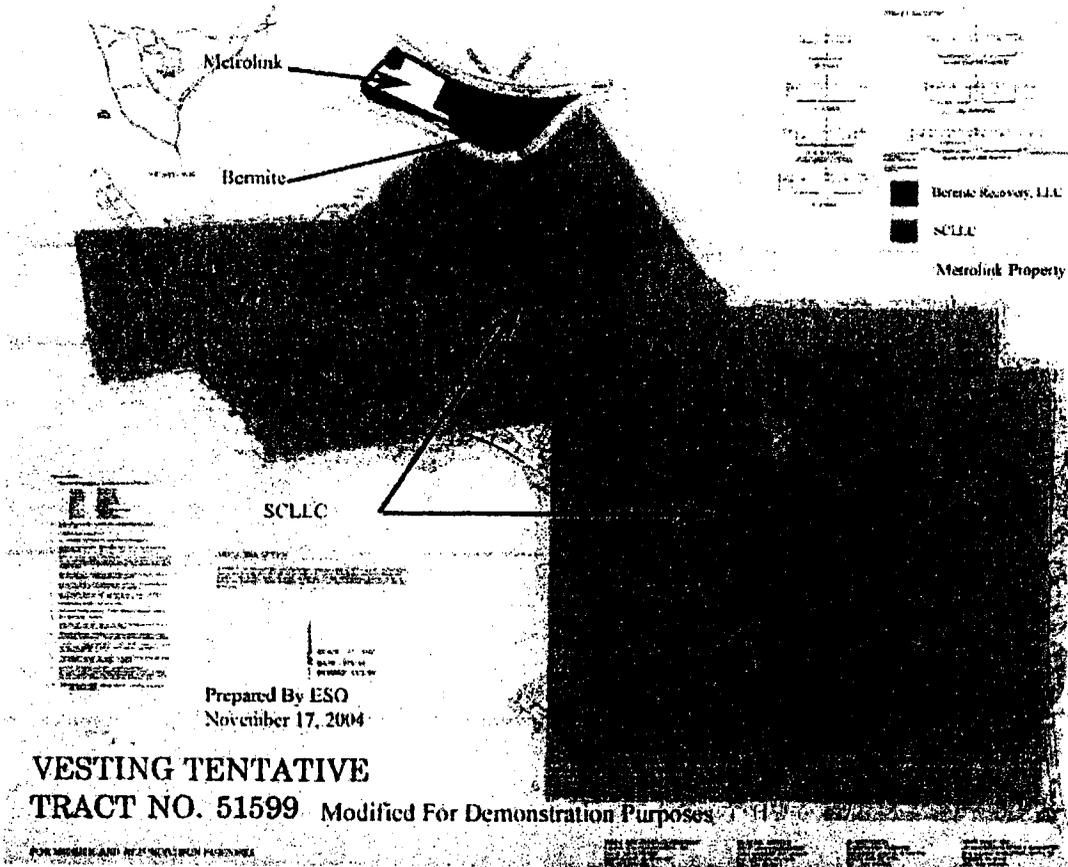


EXHIBIT A-1

Order Number: 1503693 (50)

Page Number: 14

SCLLC Land

LEGAL DESCRIPTION

Real property in the City of Santa Clarita, County of Los Angeles, State of California, described as follows:

Parcel 1:

That portion of the Rancho San Francisco, in the City of Santa Clarita, described as follows:

Commencing at the Northeast corner of lot 62, of St. John's Subdivision, as per map recorded in Book 196 Page 304 of Miscellaneous Records, in the office of the county recorder of said county; thence along the Easterly boundary line of Rancho San Francisco North 1 degrees 31'25" East 276.88 feet to a point designated Station No. 6 of Rancho San Francisco; thence North 89 degrees 59'00" West 4,633.40 feet; thence North 25 degrees 23'45" East 433.40 feet; thence North 34 degrees 56'05" West, 703.93 feet to the true point of beginning; thence South 34 degrees 56'05" East 703.93 feet; thence South 25 degrees 23'45" West 433.40 feet; thence South 89 degrees 59'00" East 308.40 feet; thence North 25 degrees 21'00" East 570 feet; thence North 34 degrees 58'50" West 703.93 feet; thence North 35 degrees 40'25" West 1,018 feet more or less, to the Southeasterly right of way line of the Southern Pacific Railroad; thence Southwesterly along the Southeasterly right of way line of the Southern Pacific Railroad to a point which bears North 35 degrees 37'40" West from the true point of beginning; thence South 35 degrees 37'40" East 878.59 feet more or less, to the true point of beginning.

Except all oil, gas and other hydrocarbon substances lying under and beneath said land, together with the right to enter upon said real property to explore, drill for, and extract same, including the right to drill for, and use water necessary in connection with said operations, and right of ingress and egress to, over, across and upon said real property, and the right to erect, and use such tanks, machinery, pipe lines and buildings, as may be necessary in connection with said operations, as reserved in the deed from Julius R. Schwartz, and wife recorded July 23, 1951 in Book 36817 Page 287 Official Records, in the office of the county recorder of said county.

Parcel 2:

That portion of the Rancho San Francisco, in the City of Santa Clarita, described as follows:

Beginning at the most Westerly corner of the parcel of land described in the deed to Los Angeles Powder Company, recorded in Book 43 Page 73 Official Records in the office of the county recorder of said county; thence South 86 degrees 12'40" West 2,925.28 feet to the Easterly line of Tract 1801, as per map recorded in Book 21 Pages 158 and 159 of Maps, in the office of the county recorder of said county; thence Southerly along said Easterly line to the Northerly line of Lot 60, of the St. John Subdivision, as per map recorded in Book 196 Page 304 of Miscellaneous Records, in the office of the county recorder of said county; thence Easterly along said Northerly line to the Southwesterly line of said parcel of land, described in the deed recorded in Book 43 Page 73 Official Records; thence along said Southwesterly line North 60 degrees 06' west to an angle point therein; thence along said Southwesterly line North 41 degrees 52' West 234.34 feet, and North 19 degrees 19'40" West 343.03 feet to the point of beginning.

Except therefrom an undivided 3 percent of all the oil, gas, other hydrocarbon substances and minerals in and under said land, as granted to Los Angeles Home Company, a corporation by deed recorded February 10, 1949 as Instrument No. 852 in Book 29022 Page 337 Official

First American Title

Records in the office of the county recorder of said county.

Also except therefrom an undivided 0.5 percent of all the oil, gas, other hydrocarbon substances and minerals, in and under said land, as granted to Norma Coleman, a widow, by deed recorded February 21, 1949 as Instrument No. 802 in Book 29421 Page 270 Official Records in the office of the county recorder of said county.

Parcel 3:

Part of the Rancho San Francisco, in the City of Santa Clarita, and part of St. John's subdivision of the Rancho San Francisco, as per map recorded in Book 196 Page 306 of Miscellaneous Records, in the office of the county recorder of said county, described as a whole as follows:

Beginning at a point distant North 9 degrees 11' West 408.50 feet and North 86 degrees 12'40" East 2,925.58 feet from the Southeast corner of block 15 of Tract 1801, as per map recorded in Book 21 Pages 158 and 159 of Maps, in the office of the county recorder of said county; thence South 19 degrees 19'40" East 343.03 feet to a point on the Northerly line of a road; thence along said Northerly line South 41 degrees 52' East 234.34 feet; thence along said Northerly line South 60 degrees 06'06" East 727.59 feet; thence along said Northerly line South 69 degrees 29' East 1,653.48 feet; thence along said Northerly line North 86 degrees 51' East 153.33 feet; thence North 25 degrees 21' East 1,288.62 feet; thence North 34 degrees 58'50" West 703.93 feet; thence North 35 degrees 40'25" West 894.02 feet, more or less, to a point on the Southerly line of the right of way of the Southern Pacific Railroad; thence following the Southerly line of said right of way to a point Northwesterly 476.48 feet from the point of intersection of the Southwesterly line of the Southern Pacific Railroad right of way, and a radial line through the Southeasterly end of a single bent cattle pass 15 feet long, and described as No. 448-E, in the deed from the Newhall Land and Farming Company, a corporation to R.A. Baker, recorded in Book 4055 Page 131 Official Records, in the office of the county recorder of said county, beneath the said Southerly Pacific Railroad; thence from said point, South 51 degrees 52' West 839.90 feet to the Southeasterly line of that certain reservoir which was reserved, and excepted in deed recorded in Book 4055 Page 131 Official Records above; thence South 8 degrees 29'50" West 173.49 feet, South 80 degrees 35'10" West 91.10 feet, South 57 degrees 54'10" West 232.35 feet, along said Southeasterly boundary line of aforesaid reservoir; thence South 8 degrees 00'10" West to the point of beginning.

Parcel 4:

That portion of Lot 62 of St. John subdivision, in the City of Santa Clarita, as per map recorded in Book 196 Page 304 of Miscellaneous Records, in the office of the county recorder of said county, described as follows:

Beginning at the intersection of the West line of said Lot 62, with the Southerly line of the land described in deed to the Los Angeles powder company, recorded in Book 43 Page 73 Official Records in the office of the county recorder of said county; thence Southerly along said West line to the North line of Tract 1079, as per map recorded in Book 18 Page 155 of Maps, in the office of the county recorder of said county; thence East along the North line of said Tract 1079, to the East line of the Rancho San Francisco; thence Northerly along said East line to the North line of said Lot 62; thence West along the last mentioned North line to the Southeast line of the land described in said deed, recorded in Book 43 Page 73, or in the office of the county recorder of said county; thence Southwesterly and Westerly along the Southeasterly and Southerly boundary of the land described in said deed to the point of beginning.

Except the West 2640 feet of the South 3,300 feet thereof.

Also except the East 641.74 feet of the North 641.74 feet thereof.

Also except therefrom that portion thereof described as beginning at a point on the North line of Lot "A" of Tract 1079, as per map recorded in Book 18 Page 155 of Maps, in the office of the county recorder of said county, distant Easterly thereon 2,640 feet from its intersection with the West line of said Lot 62; thence Northerly and parallel with said West line, 2.617 feet more or less, to the Northerly line of the South 160 acres of that portion of said Lot 62, which is bounded on the South by said North line of said Lot "A", and on the West by a line parallel with the West line of said Lot 62, which passes through a point in said North line of said Lot "A", distant Easterly along said North line 2,640 feet from said West line of Lot 62; thence Easterly along the North line of said South 160 acres, 2,706 feet more or less, to the East line of said Lot 62; thence Southerly along the East line, 2,618 feet more or less, to the North line of said Lot "A" thence West along said North line 2,640 feet more or less to the point of beginning.

Also except therefrom an undivided 3 percent of all the oil, gas other hydrocarbon substances and minerals in and under said land, as granted to Los Angeles home company, a corporation by deed recorded February 10, 1949 as Instrument No. 852 in Book 29022 Page 337 Official Records in the office of the county recorder of said county.

Also except therefrom an undivided 0.5 percent of all the oil, gas other hydrocarbon substances and minerals in and under said land, as granted to Norma Coleman, a widow by deed recorded February 21, 1949 as Instrument No. 802 in Book 29421 Page 270 Official Records in the office of the county recorder of said county.

Parcel 5:

The West 2,640 feet of the South 3,300 feet of Lot 62 of St. John's subdivision of Rancho San Francisco, in the City of Santa Clarita, as per map recorded in Book 196 Page 304, et seq. of Miscellaneous Records, in the office of the county recorder of said county.

Except that portion lying within Lot 48 of Tract 34144.

Also except therefrom an undivided 3 percent of all the oil, gas other hydrocarbon substances and minerals in and under said land, as granted to Los Angeles home company, a corporation by deed recorded February 10, 1949 as Instrument No. 852 in Book 29022 Page 337 Official Records in the office of the county recorder of said county.

Also except therefrom an undivided 0.5 percent of all the oil, gas other hydrocarbon substances and minerals in and under said land, as granted to Norma Coleman, a widow by deed recorded February 21, 1949 as Instrument No. 802 in Book 29421 Page 270 Official Records in the office of the county recorder of said county.

Parcel 6:

That portion of the Rancho San Francisco, in the City of Santa Clarita, described as follows:

Beginning at the point of intersection of the Easterly line of Tract 1801, as per map recorded in Book 21 Pages 158 and 159 of Maps, in the office of the county recorder of said county, with the Northerly line of Lot 60, of the St. John's subdivision, as per map recorded in Book 196 Page 304 of Miscellaneous Records, in the office of the county recorder of said county; thence Easterly along said Northerly line to the Southwesterly line of the parcel of land described in the deed to the Los Angeles powder company, a corporation recorded in Book 43 Page 73 Official Records, in

the office of the county recorder of said county; thence along said Southwesterly line South 60 degrees 06' East, to an angle point therein; thence along said Southwesterly line South 69 degrees 29' East to the Easterly line of said Lot 60, of the St. John subdivision; thence Southerly along said last mentioned Easterly line to the Southerly line of said Lot 60; thence Westerly along Southerly line to said Easterly line of Tract 1801; thence in a general Northwesterly direction following the boundary lines of said Tract 1801, to the point of beginning.

Except therefrom an undivided 3 percent of all the oil, gas other hydrocarbon substances and minerals in and under said land, as granted to Los Angeles Home Company, a corporation by deed recorded February 10, 1949 as Instrument No. 852 in Book 29022 Page 337 Official Records in the office of the county recorder of said county.

Also except therefrom an undivided 0.5 percent of all the oil, gas other hydrocarbon substances and minerals in and under said land, as granted to Norma Coleman, a widow by deed recorded February 21, 1949 as Instrument No. 802 in Book 29421 Page 270 Official Records.

Parcel 7:

That portion of the Rancho San Francisco, in the City of Santa Clarita, bounded as follows:

On the South by the North line of Lot 62, of St. John subdivision, as per map recorded in Book 196 Pages 304 through 309 of Miscellaneous Records, in the office of the county recorder of said county; on the Northeast by the Southeast prolongation of that certain course having a bearing of North 34 degrees 58'50" West and a length of 703.93 feet as described in deed to Bermite Powder Company, recorded July 23, 1951 as Instrument No. 1546 in Book 36817 Page 285 Official Records in the office of the county recorder of said county.

On the Northwest by the Southeast line of the Bermite Powder Company, as said line now exists being a line described as follows:

Beginning at the intersection of the North line of said Lot 62, with the Southeast line of land described in Book 43 Page 75 Official Records in the office of the county recorder of said county; thence along said Southeast line North 25 degrees 23'45" East 263.02 feet; thence along the South line of section 24, township 2 North, range 16 West, in said Rancho San Francisco South 89 degrees 59' East 308.40 feet; thence North 25 degrees 21' East, 570 feet to an angle point in the line of said land described in Book 36817 Page 285 of said Official Records.

Except 50 percent of all oil, gas, minerals and other hydrocarbon substances lying in and under said land, as reserved in the deed from Domenico Ghiggia and Mary Ghiggia, husband and wife in deed recorded November 22, 1955 in Book 49589 Page 170 of said Official Records.

Parcel 8:

That portion of Lot 62, St. John's subdivision of part of Rancho San Francisco, in the City of Santa Clarita, as per map recorded in Book 196 Page 304 of Miscellaneous Records, in the office of the county recorder of said county, described as follows:

Beginning at a point on the North line of Lot "A", Tract 1079, as per map recorded in Book 18 Page 155 of Maps, in the office of the county recorder of said county, distant Easterly thereon 2640 feet from its intersection with the West line of said Lot 62; thence Northerly and parallel with said West line 2,617 feet more or less, to a line parallel with the North line of said Lot "A", and distant Northerly therefrom a sufficient distance to include 160 acres of land within the parcel of land herein described; thence Easterly parallel with said North line of Lot "A" to the

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Easterly line of said Lot 62, 2,706 feet more or less, to the East line of said Lot 62; thence Southerly along said East line 2,618 feet more or less, to the North line of said Lot "A"; thence West along said North line 2,640 feet more or less, to the point of beginning.

Except therefrom an undivided 3 percent of all the oil, gas other hydrocarbon substances and minerals in and under said land, as granted to Los Angeles home company, a corporation by deed recorded February 10, 1949 as Instrument No. 852 in Book 29022 Page 337 Official Records in the office of the county recorder of said county.

Also except therefrom an undivided 0.5 percent of all the oil, gas other hydrocarbon substances and minerals in and under said land, as granted to Norma Coleman, a widow by deed recorded February 21, 1949 as Instrument No. 802 in Book 29421 Page 270 Official Records in the office of the county recorder of said county.

Parcel 9:

Lot 48 of Tract 34144, in the City of Santa Clarita, as per map recorded in Book 969 Pages 15 to 20 inclusive of Maps, in the office of the county recorder of said county.

APN: 2836-012-011

Bermite Land

Order Number: 1069468
Page Number: 10

LEGAL DESCRIPTION

Real property in the City of Santa Clarita, County of Los Angeles, State of California, described as follows:

That portion of the Rancho San Francisco, in the City of Santa Clarita, described as follows:

Beginning at a point in the center line of that portion of the State Highway, known as the Mint Canyon Road, said point being designated point "C", in deed from the Newhall Land and Farming Company, to Los Angeles County, recorded in Book 6322 Page 19 of Deeds; in office of the county recorder of said county; thence along said center line South 83 degrees 11' west 0.86 of a foot; thence south 6 degrees 49' east, 25 feet to the true point of beginning, said true point of beginning being the intersection of the Southerly line of said State Highway, and the Northerly line of the Southern Pacific Railroad right of way, as per deed recorded in Book 1235 Page 2 of Deeds, in the office of the county recorder of said county; thence along the Northwesterly and Northeasterly line of said railroad right of way, in a general Westerly direction to a radial line of said Northeasterly line which passes through the Southeasterly end of a single bent cattle pass 15 feet long No. 448-E, as recited in deed recorded in Book 4016 Page 277 Official Records in the office of the county recorder of said county; thence along said radial line North 19 degrees 10'08" East 20 feet; thence Westerly along a curve concave to the north concentric with the aforementioned Northeasterly line of right of way 214.64 feet to the end of said curve; thence continuing along a line 20 feet Northeasterly from and parallel with said Northeasterly line of right of way, North 61 degrees 06'40" West 191.02 feet; thence North 11 degrees 46'40" West 96.94 feet; thence North 74 degrees 53'10" West 112.96 feet; thence South 67 degrees 53'50" West 65.96 feet to a line 20 feet Northeasterly from and parallel with the aforementioned Northeasterly line of right of way; thence Westerly along said parallel line distant 854.31 feet to the Southwesterly prolongation of a radial line of the curve in the Southwesterly line of the aforementioned State Highway (said curve being concave Northeasterly, having a radius of 2525 feet, and said radial line having a bearing of South 37 degrees 24'32" West); thence along said prolongation North 37 degrees 24'32" East 610.15 feet to said Southwesterly line of said State Highway; thence Easterly along the last described curve through an angle of 44 degrees 13'32" a distance of 1949 feet to the Easterly end of said curve; thence along the Southerly line of said state highway North 83 degrees 11' East 487.06 feet to the true point of beginning.

APN: 2836-067-001

Metrolink Land

EXHIBIT 1

PREMISES

THAT PORTION OF PARCEL 1 OF INSTRUMENT NUMBER 91-1170920, RECORDED JULY 29, 1991 IN THE CITY OF SANTA CLARITA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, RECORDS OF SAID COUNTY DESCRIBED AS FOLLOWS AND SHOWN ON EXHIBIT "B-1":

BEGINNING AT THE NORTHWESTERLY CORNER OF SAID PARCEL 1 OF INSTRUMENT NO. 91-1170920 ALSO BEING A POINT ON A 2,535 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY IN THE SOUTHERLY LINE OF SOLEDAD CANYON ROAD, 120 FEET WIDE AS SAME EXISTED ON FEBRUARY 24, 1992, A RADIAL TO SAID CURVE BEARS NORTH 37 DEGREES 28 MINUTES 02 SECONDS EAST; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 1 DEGREE 52 MINUTES 33 SECONDS A DISTANCE OF 83.00 FEET; THENCE LEAVING SAID SOUTHERLY LINE OF SOLEDAD CANYON ROAD, SOUTH 37 DEGREES 33 MINUTES 29 SECONDS WEST, 232.70 FEET; THENCE SOUTH 67 DEGREES 27 MINUTES 16 SECONDS EAST, 174.83 FEET; THENCE NORTH 22 DEGREES 32 MINUTES 44 SECONDS EAST, 200.99 FEET TO SAID SOUTHERLY LINE OF SOLEDAD CANYON ROAD ALSO BEING A POINT ON SAID 2,535 FOOT RADIUS CURVE WITH A RADIAL BEARING OF NORTH 32 DEGREES 56 MINUTES 49 SECONDS EAST; THENCE CONTINUING EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9 DEGREES 05 MINUTES 09 SECONDS A DISTANCE OF 402.00 FEET; THENCE LEAVING SAID SOUTHERLY LINE OF SOLEDAD CANYON ROAD, SOUTH 22 DEGREES 32 MINUTES 44 SECONDS WEST, 288.00 FEET; THENCE SOUTH 67 DEGREES 27 MINUTES 16 SECONDS EAST, 221.88 FEET; THENCE SOUTH 22 DEGREES 32 MINUTES 44 SECONDS WEST, 39.00 FEET; THENCE SOUTH 67 DEGREES 27 MINUTES 16 SECONDS EAST, 37.00 FEET; THENCE SOUTH 3 DEGREES 34 MINUTES 30 SECONDS WEST, 69.79 FEET; THENCE NORTH 47 DEGREES 27 MINUTES 16 SECONDS WEST, 864.81 FEET; THENCE NORTH 11 DEGREES 14 MINUTES 09 SECONDS WEST, 66.15 FEET; THENCE NORTH 67 DEGREES 27 MINUTES 16 SECONDS WEST, 87.93 FEET TO THE NORTHWESTERLY LINE OF SAID PARCEL 1; THENCE NORTH 37 DEGREES 33 MINUTES 29 SECONDS EAST, 437.76 FEET ALONG SAID NORTHWESTERLY LINE OF PARCEL 1 TO THE POINT OF BEGINNING.

96 535033

SCHEDULE 1

**Land Use Entitlements
(Non-Environmental)**

[Recital C and Paragraphs 5.2 and 9.1(a) of the Contract]

	<u>Dated</u>
• Draft Environmental Impact Report	09-27-93
• Draft Environmental Impact Report - Appendices Vol I	09-27-93
• Draft Environmental Impact Report - Appendices Vol II	09-27-93
• Final Environmental Impact Report	01-07-94
• Addendum to the Final Environmental Impact Report	04-08-94
• Planning Commission Resolution P94-07	1994
• Planning Commission Resolution P95-21	10-03-95
• Porta Bella Specific Plan 91-001	<u>Dated</u> October 1991 <u>Adopted</u> 04-25-95
• Resolution 95-41 Certification of Final Environmental Impact Report Mitigation Monitoring and Reporting Plan Statement of Overriding Considerations	04-25-95
• Resolution 95-42 Approved Master Case Nos. 91-164 & 93-012 Vesting Tentative Tract Map 51599 Final Conditions of Approval Oak Tree Permit 91-033	05-09-95
• Resolution 95-42 Exhibit A – Final Conditions of Approval	05-09-95
• Ordinance 95-06 Certification of Final Environmental Impact Report Porta Bella Specific Plan 91-001 Zoning Changes Amendments to General Plan for Land Use Designations and to the Highway Network of the Circulation Element	09-12-95

	<u>Dated</u>
• Oak Tree Permit 91-033	N/A
• Ordinance 96-04	<u>Adopted</u> 02-13-96 <u>Effective</u> 03-14-96
• Development Agreement with Exhibits No. 93-003	<u>Dated</u> 03-28-96 <u>Recorded</u> 04-03-96
• Vesting Tentative Tract Map 51599	N/A
• Draft Environmental Impact Report for Golden Valley Road/ High School Project	February 1999
• Final Environmental Impact Report for Golden Valley Road/ High School Project	March 1999
• Porta Bella Project Memorandum of Understanding	03-24-99
• City Planning Staff Report to City Planning Commission Regarding: Modifications to the Porta Bella Specific Plan Modifications to the Porta Bella Development Agreement	04-06-99
• City Council Resolutions 99-60 & 99-61 Certification of Golden Valley Road Project Final Environmental Impact Report	04-13-99
• City Council Resolution 99-9 Modification of the Porta Bella Specific Plan and Development Agreement to allow Golden Valley Road to cross the Porta Bella project site without amending the Porta Bella Specific Plan or Development Agreement regarding the Porta Bella Project site's land uses impacted by Golden Valley Road	04-27-99
• Planning Commission Resolution P02-12 - Noncompliance	04-02-02
• City Council Resolution 03-61 - Noncompliance	05-13-03

Dated

- Reimbursement Agreement for City Services Associated with the Development of the Whittaker-Bermite Property Cherokee and the City 05/13/03
- City Council Resolution 03-63 Approving the Cherokee-City Reimbursement Agreement 05/13/03

END OF SCHEDULE 1

SCHEDULE 2

**Executory Contracts Concerning the Property
Onsite Remediation Work Completed by SCLLC and Bermite
Onsite Remediation Work Completed by the Whittaker Parties¹
Onsite Remediation Work Remaining to be Completed²
[Recital C and Paragraphs 4.1(a) and 7.4(d) of the Contract]**

Executory Contracts Concerning the Property:

- | | | |
|---|--|------------------------|
| • Burrtec Waste Industries | Trash Disposal | \$60.06 monthly |
| • Andy Gump | Portable Toilets | \$183.21 monthly |
| • South Coast Air Quality Management District | Annual Permit to Operate CAT-OX machine in OU-6 | \$840.00 annually |
| • Southern California Edison | Electrical power | \$850-\$1,200 monthly |
| • AT&T | Local & Long Distance Telephone | \$300 +/- monthly |
| • South Coast Air Quality Management District | Permit for Investigations of VOCs conducted in certain on-site landfills in OU-4 | \$40.00 per OU sampled |
| • Regional Water Quality | Permit for | \$1,303.50 in odd |

¹ This is provided to the best knowledge of the Seller as of the Effective Date of the Agreement. Accordingly, this may not be exhaustive in nature. Reference should also be made to the approximate 156 CD set compiled by SCLLC and generally referred to by SCLLC as the "Whittaker Historic Database". For ease of reference, the Index (4 pages) to such Database is attached to this Schedule 2 as *Exhibit A to Schedule 2* and the errata sheet (2 pages) for such Database is attached to this Schedule 2 as *Exhibit B to Schedule 2*.

² This is provided to the best knowledge of the Seller as of the Effective Date of the Agreement and in nonexhaustive terms based upon the understanding that the State of California Environmental Protection Agency, Department of Toxic Substances Control together with such other State or Federal, or both, agencies which may, from time to time, exercise jurisdictional control over the Porta Bella Project site will have standing with respect to and authority over what may ultimately be required for such completion.

Executory Contracts Concerning the Property (continued):

Control Board	Stormwater	numbered years
	Pollution	\$ 356.00 in even
	Prevention	numbered years
	Plan	

- Right of Entry between Santa Clarita, L.L.C. and the United States Army Corps of Engineers, dated August 15, 2002, with an effective date of September 9, 2002, "for the purpose of ingress/egress to and from the ... [Land] to perform geotechnical engineering investigation and related purposes as identified in certain approved work plans by the [California Department of Toxic Substances Control]. This Right of Entry is in connection with the Eastern Santa Clara Basin Groundwater Study, under United States House of Representatives Resolution 910 passed March 28, 2000, and the Energy and Water Appropriations Act for FY 2001 (HR 4577, Public Law 106-554).
- Tolling Agreement between SCLLC and the City of Santa Clarita, CA emanating from the case of *Santa Clarita, L.L.C. v. City of Santa Clarita*. Formerly pending in the Superior Court of the State of California County of Los Angeles as BC 254794. This matter has been dismissed without prejudice; the Tolling Agreement between the parties permits the refiling of the case at anytime prior to April 25, 2005.
- Tolling Agreement among SCLLC, Bermite and the City of Santa Clarita, CA emanating from Resolutions passed by the Planning Commission (Resolution P02-12 on April 2, 2002) and City Council (Resolution 03-61 on May 13, 2003) finding non-compliance by SCLLC and Bermite with certain provisions of the Development Agreement dated March 28, 1996. The City's actions are still subject to judicial challenge by SCLLC and Bermite, but any such challenge is the subject of the Tolling Agreement dated August 8, 2003, as amended on December 1, 2003 and March 31, 2004, the necessity of further amendments, however, being stayed under applicable provisions of the United States Bankruptcy Code.

Onsite Remediation Work Completed by SCLLC and Bermite:

- Areas 11, 67, & 75 (Areas associated with Parcel 1 and Transit Station)

Water Level Measurements – 56 Events x 17 Wells = 952 Measurements
Water Samples Collected – Jan 2001 (387) & Apr 2001 (377) = 764 Samples
Water Analyses – 15 Separate Analyses/Sample x 764 = 11,460 Analyses

- OUs 1 A,B,C,Dn, Ds, & E*

Soil Borings for Soil Vapor Sampling – 987 feet total drilling
Soil Vapor Samples – 75 Samples

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

Soil Vapor Analyses – 75 Analyses (VOCs only)
Soil Borings for Soil Samples – 89 Separate Borings for 3589 feet total drilling
Soil Samples – 379 Samples
Soil Analyses – 10 Analyses/Sample = 3790 Analyses
Soil Trenching for Sampling – 76 Separate Trenches for 3,848 Feet total
trenching
Soil Trench Samples – 121 Samples
Soil Analyses – 10 Analyses/Sample = 1210 Analyses

Total Samples – 575 Samples
Total Analyses – 5,075 Analyses
Total Borings & Trenching – 8,424 Feet (1.6 miles)

* Does not include air monitoring sampling, safety sampling, or duplicate laboratory quality control samples

OU-1A & OU-1C Remedial Investigation (RI) Workplan – 58 pages
OU-1B RI Workplan – 58 pages
OU-1Dn & Ds RI Workplan – 81 pages
OU-1E RI Workplan – 121 pages
OU-1E Removal Action Workplan – 63 pages
OU-1 A,B, & C Preliminary Endangerment Assessment Report – 869 pages
OU-1 Dn & Ds RI Report & Baseline Risk Assessment – 1183 pages
OU-1E RI Report & Baseline Risk Assessment – 1,154 pages
Draft Site Assessment Work Plan for OU-1A & OU -1C, by Knight Piesold, dated
04/23/99.
Draft Remedial Investigation Work Plan for OU-1B, by Knight Piesold, dated
04/23/99
Porta Bella Development Project Cost Estimate for OU1A/OU-1C & OU-1B
Field Investigations, by Knight Piesold, dated
05/04/99
Final Site Assessment Work Plan for OU-1A & OU -1C, by Knight Piesold, dated
05/12/99
Final Remedial Investigation Work Plan for OU-1B, by Knight Piesold, dated
05/12/99
Draft Remedial Investigation Work Plan for OU-1Dn & OU-1Ds, by Knight
Piesold, dated 05/26/99
Final Remedial Investigation Work Plan for OU-1Dn & OU-1Ds, by Knight
Piesold, dated 06/21/99
Site Investigation/Preliminary Endangerment Assessment Report for OU1A –
OU1B & OU 1C Volume V of V, by Knight Piesold, dated 06/22/99
Site Investigation/Preliminary Endangerment Assessment Report for OU1A –
OU1B & OU 1C Volume II of V, by Knight Piesold, dated 07/01/99

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

Site Investigation/Preliminary Endangerment Assessment Report for OU1A – OU1B & OU 1C Volume III of V, by Knight Piesold, dated 07/02/99
Final Remedial Investigation Work Plan for OU- 1Dn & OU 1Ds, by Knight Piesold, dated 07/9/99
Site Investigation/Preliminary Endangerment Assessment Report for OU1A – OU1B & OU 1C Volume IV of V, by Knight Piesold, dated 07/16/99
Draft Site Investigation Preliminary Endangerment Assessment Report for OU1A, OU1C & the Golden Valley Road Alignment, by Knight Piesold, dated 07/29/99
OEW Clearance & Construction Support for the Golden Valley Road Right of Way, by UXB International, Inc., dated 08/27/99
Site Investigation Preliminary Endangerment Assessment Report for OU1A, OU1B & OU1C, by Knight Piesold, dated 02/04/00
IRM Work Plan for OU 1E, by Knight Piesold, dated 02/25/00
OEW Clearance, Construction Support & Remedial Investigation of Operable Unit (OU) 1A, B, C, & E, by UXB International, Inc., dated 04/07/00
Remedial Investigation Work Plan for OU 1E, by Knight Piesold, dated 04/7/00
Site Investigation/Preliminary Endangerment Assessment Report for OU1A – OU1B & OU 1C Volume I of V, by Knight Piesold, dated 04/18/00
Remedial Investigation Field Work Summary Report for OU1E Volume I, by CET Environmental Services, Inc., dated 06/00/00
Soil & Groundwater Analytical Data for OU1E from California Laboratory Services Volume IIA Consulting, by CET Environmental Services, Inc., dated 06/00/00
Soil & Groundwater Analytical Data for OU1E from California Laboratory Services Volume IIB, by CET Environmental Services, Inc., dated 06/00/00
Soil Gas Analytical Data for OU1E from Centrum Analytical Volume III, by CET Environmental Services, Inc., dated 06/00/00
Site Photos for OU1E Trenching Activities Volume V, by CET Environmental Services, Inc., dated 06/00/00
Summa Cannister Analytical Data for OU1E from Atmospheric Analytical & Consulting, by CET Environmental Services, Inc., dated 6/00/00
Remedial Investigation Report & Baseline Risk Assessment for OU1 Dn & OU1 Ds Volume I of II, by Knight Piesold, dated 08/29/00
Remedial Investigation Report & Baseline Risk Assessment for OU1 Dn & OU1 Ds Volume II of II, by Knight Piesold, dated 08/29/00
OEW Investigation & Removal Construction Support & Avoidance of OU 1D N&S, 2 & 3 for Porta Bella Development Project Volume I - Commercial Proposal Request for Proposal CPB00-18, by UXB International, Inc., dated 09/21/00

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

OEW Investigation & Removal Construction Support & Avoidance of OU 1D N&S, 2 & 3 for Porta Bella Development Project Volume II - Technical Proposal Request for Proposal CPB00-18, by UXB International, Inc., dated 09/21/00

OEW Investigational & Removal, Construction Support & Avoidance Operable Units 1D North & South, 2, & 3 RFP No. CPB00-018 Volume I: Commercial Proposal, by UXB International, Inc., dated 09/25/00

OEW Investigational & Removal, Construction Support & Avoidance Operable Units 1D North & South, 2, & 3 RFP No. CPB00-018 Volume II: Technical Proposal, by UXB International, Inc., dated 09/25/00

OEW Investigation & Removal, Construction Support & Avoidance of Operable Units (OU) 1D N&S, 2 & 3, by USA, dated 09/25/00

Final OEW Clearance, Construction Support for Remedial Investigation of Operable Unit (OU) 1A, B, C, & E, by UXB International, Inc., dated 10/24/00

Draft Remedial Investigation Report & Baseline Risk Assessment for OU1E, by Knight Piesold & Co., Inc. and Tetra Tech, Inc., dated 11/21/00

Remedial Investigation Report & Baseline Risk Assessment for OU1E, by Knight Piesold, dated 11/21/00

Remedial Investigation Report & Baseline Risk Assessment for OU 1 E Volume I of II, by Knight Piesold, dated 12/18/00

Remedial Investigation Report & Baseline Risk Assessment for OU1 E Volume II of II, by Knight Piesold, dated 12/18/00

Removal Action Work Plan for OU1E, by AE Schmidt Environmental, Inc., dated 03/30/01

- OU-2/OU-6 RI Work Plans

OU-2 & OU-6 RI Workplan – 270 pages

Revised Draft Remedial Investigation Work Plan for OU 2 and 6, by Morrison Knudsen Corporation, dated 6/25/00

- OU-3

RI Work Plan – 267 pages

Draft Technical Memorandum No. 2 Modeling of VOCs in Area 14 Soil Operable Unit 3, by Morrison Knudsen Corporation, dated 04/00/00

Draft Depleted Uranium Database Search, by Knight Piesold & Co., Inc., dated 06/05/00

Waste Depleted Uranium Database Research & Review Porta Bella Project Volume I, by Knight Piesold & Co., Inc., dated 11/19/00

Waste Depleted Uranium Database Research & Review Porta Bella Project Volume II, by Knight Piesold & Co., Inc., dated 11/19/00

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

- OU-4 Landfills – U.S. Army Corps of Engineers Technology Demonstration Report

Draft RI Work Plan, by AE Schmidt Environmental, Inc., dated 06/01/01

Draft Work Plan for OE Technology Demonstration for Landfills, by EODT, dated 06/01/01

Draft Work Plan submitted 05/28/02 – 840 pages

Final Work Plan for OE Technology Demonstration for Landfills, by EODT, dated 07/01/02

Final OE Technology Demonstrations for Landfills, by EODT, dated 10/25/02

Baseline Ecological Risk Assessment for Hula Bowl IV Stockpile Soils, by Chemical Risk Sciences, International, dated 06/27/03 (Revised)

Hula Bowl UXO Technology Demonstration, by EODT, dated 7/7/03

Draft Final Report for Landfill Removal Demonstration, by EODT, dated 08/01/03

Final Report for Landfill Removal Demonstration, by EODT, dated 08/01/03

Baseline Human Health Risk Assessment for Hula Bowl IV Stockpile Soils, by Chemical Risk Sciences, International, dated 09/04/03

Baseline Ecological Risk Assessment for Hula Bowl IV Stockpile Soils, by Chemical Risk Sciences, International, dated 09/08/03

Baseline Human Health Risk Assessment for Hula Bowl IV Stockpile Soils, by Chemical Risk Sciences, International, dated 05/15/04

- OU-5

Hydrogeologic Investigation Work Plan, by Shaw Environmental, Inc., dated 06/17/04

- OU-6 (Area 317) Former Wastewater Storage Area

Water Level Measurements – 27 Events x 5 Wells = 135 Measurements

Water Samples Collected – 2nd Qtr 1999 thru 3rd Qtr 2001 = 551 Samples

Water Analyses – 10 Separate Analyses/Sample x 551 = 5,510 Analyses

Draft Area 317 RCRA Quarterly Groundwater Monitoring Report No. 42 First Qtr Jan-April 1999, by Knight Piesold & Co., Inc., dated 05/13/99

Area 317 RCRA Quarterly Groundwater Monitoring Report No. 42 First Qtr Jan-April 1999, by Knight Piesold & Co., Inc., dated 06/15/99

Area 317 RCRA Quarterly Groundwater Monitoring Report No. 43 Second Qtr April-June 1999, by Knight Piesold & Co., Inc., dated 08/01/99

Area 317 RCRA Quarterly Groundwater Monitoring Report No. 44 Third Qtr July-Sept 1999, by Knight Piesold & Co., Inc., dated 03/10/00

Area 317 RCRA Quarterly Groundwater Monitoring Report No. 44 Third Qtr July-Sept 1999, by Knight Piesold & Co., Inc., dated 06/16/00

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

- Area 317 RCRA Quarterly Groundwater Monitoring Report No. 45 Fourth Qtr Oct-Dec 1999, by Knight Piesold & Co., Inc., dated 07/06/00
- Area 317 RCRA Quarterly Groundwater Monitoring Report No. 46 First Qtr. Jan-March 2000, by Knight Piesold & Co., Inc., dated 08/14/00
- Area 317 RCRA Quarterly Groundwater Monitoring Report No. 47 Second Qtr April-June 2000, by Knight Piesold & Co., Inc., dated 09/13/00
- Third Qtr 2000 Groundwater Monitoring Report No. 48 Area 317, by Hargis + Associates, Inc., dated 12/01/00
- Comprehensive Groundwater Monitoring Investigation Report, dated 06/28/02
- Final Source Test Protocol: Dioxins, Furans, & PCBs Testing, by TIAX, date 07/02/02
- Train Samples – Dioxin/Furan Analysis, by Air Resources Board, dated 12/12/02
- Train Samples – PCB Congeners Analysis, by Air Resources Board, dated 12/23/02
- Final Report, Vols 1 & 2, Technical Data, Source Test for Dioxins, Furans, & PCBs, by Air Resources Board, dated 04/14/04
- **OU-7 Site-Wide Groundwater**
 - Draft Operable Unit 7 Work Plan Groundwater Remedial Investigation/Feasibility Study Conceptual Scoping Document & Work Plan, by Hargis + Associates, Inc., dated 06/15/99
 - Draft Operable Unit 7 Work Plan Groundwater Remedial Investigation/Feasibility Study Conceptual Scoping Document & Work Plan, by Hargis + Associates, Inc., dated 07/02/99
 - Groundwater Monitoring & Sampling Data Submittal Areas 11, 67, & 75 OU 7, by SCLLC, dated 02/00/00
 - Draft Field Sampling Plan Technical Memorandum Surface Water Run Off, by Hargis + Associates, Inc., dated 03/20/00
 - Draft Field Sampling Plan Technical Memorandum Reconnaissance Groundwater Investigation (OU 7) OU 2 & 3, by Hargis + Associates, Inc., dated 03/20/00
 - Draft Field Sampling Plan Technical Memorandum Groundwater Monitoring & Reconnaissance Groundwater Investigation (OU 7) Areas 11, 67 & 75, by Hargis + Associates, Inc., dated 03/20/00
 - Draft Field Sampling Plan Technical Memorandum Depth-Specific Sampling Former Production Well NLF-155, by Hargis + Associates, Inc., dated 03/20/00
 - Field Sampling Plan Technical Memorandum - Surface Water Run Off, by Hargis + Associates, Inc., dated 04/21/00 – 94 pages
 - Field Sampling Plan Technical Memorandum - Reconnaissance Groundwater Investigation (OU 7) OU 2 & 3, by Hargis + Associates, Inc., dated 04/21/00 – 196 pages

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

- Field Sampling Plan Technical Memorandum - Groundwater Monitoring & Reconnaissance Groundwater Investigation (OU 7) Areas 11, 67 & 75, by Hargis + Associates, Inc., dated 04/21/00 – 92 pages
- Field Sampling Plan Technical Memorandum - Depth-Specific Sampling Former Production Well NLF-156, by Hargis + Associates, Inc., dated 04/21/00 – 102 pages
- Draft Site-Wide Soil Sampling & Analysis Plan Volume 2 Operable Unit 7 Groundwater & Surface Water Run-Off, by Hargis + Associates, Inc., dated 06/01/00
- Regional Groundwater Facility Summary Report, by Knight Piesold & Co, Inc, dated 08/11/00
- Third Qtr 2000 Groundwater Monitoring Data Submittal Areas 11, 67, & 75 OU7, by Hargis + Associates, Inc., dated 11/09/00
- Regional Groundwater Hasa Chemical, Inc. Facility Summary Report, by Knight Piesold & Co., Inc., dated 11/21/00
- Annual Groundwater Monitoring Report Summary – 2001, by SCLLC, dated 03/00/01
- Draft Groundwater Monitoring & Sampling Data Submittal Areas 11, 67, & 75 OU 7, by SCLLC, dated 08/00/01
- Groundwater Monitoring & Sampling Data Submittal Areas 11, 67, & 75 OU 7, by SCLLC, dated 12/00/01
- 2000 Water Report Completed 10/17/01
- 2001 Water Report Completed 03/00/02
- Draft Eastern Santa Clara Basin Groundwater Study Site Characterization Phase (Remedial Investigation) Work Plan, by CH2MHill, dated 06/01/02
- Draft Eastern Santa Clara Basin Groundwater Study Site Characterization Phase (Remedial Investigation) Community Involvement Work, by CH2MHill, dated 06/01/02
- Draft Eastern Santa Clara Basin Groundwater Study Site Characterization Phase (Remedial Investigation) Quality Assurance Project Plan, by CH2MHill, dated 07/01/02
- Draft Eastern Santa Clara Basin Groundwater Study Site Characterization Phase (Remedial Investigation) Field Sampling Plan, by HH2MHill, dated 07/01/02
- Site-wide Sampling & Analysis Plan, Vol. II Groundwater & Surface Water Run-off, dated 08/00/02
- Final Eastern Santa Clara Basin Groundwater Study Site Characterization Phase (Remedial Investigation) Work Plan, by CH2MHill, dated 10/01/02
- Final Eastern Santa Clara Basin Groundwater Study Site Characterization Phase (Remedial Investigation) Quality Assurance Project Plan, by CH2MHill, dated 10/01/02
- Final Eastern Santa Clara Basin Groundwater Study Site Characterization Phase (Remedial Investigation) Field Sampling Plan, by HH2MHill, dated 10/01/02

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

Final Eastern Santa Clara Basin Groundwater Study Site Characterization Phase
(Remedial Investigation) Community Involvement Work, by CH2MHill,
dated 10/01/02

Draft Eastern Santa Clara Basin Groundwater Study Site Characterization Phase
Project Management Plan, by CH2MHill, dated 11/01/02

Final Remedial Investigation Technical Memorandum No. 1, Eastern Santa Clara
Subbasin Groundwater Study, by CH2MHill, dated 05/07/03

Final Technical Memorandum No. 2 Eastern Santa Clara Subbasin Groundwater
Study, by CH2MHill, dated 12/22/03

Hydrogeology Technical Memorandum, by CH2MHill, dated 06/29/04

Final Draft – Eastern Santa Clara Subbasin Groundwater Study Conceptual
Hydrogeology Technical Memorandum, by CH2MHill, dated 10/05/04

- Site-Wide Earthquake Fault Trenching and Shear Face Review

17 Separate Trenches/Shear Faces – 4340 Lineal Feet Total (0.8 miles)

- Site Wide - Stormwater Runoff Sampling

Water Samples Collected – 11 Over Two Winter Rain Seasons as Available
Water Analyses – 11 Analyses (Perchlorate only)

- Site-Wide Work Plans

Public Participation Plan – 134 pages

OEW Removal Action Work Plan – 88 pages

Special Report Overview of On-Site Analytical Methods for Explosives in Soil,
by CRREL, dated 02/00/98

Draft Baseline Risk Assessment Work Plan, by Rust Environmental &
Infrastructure, Inc., dated 04/23/98

Draft Site-Wide Analysis Plan, by Knight Piesold & Co., Inc., dated 07/02/99

Sample Analysis Data Evaluation Bermite Photographs, by Knight Piesold & Co.,
Inc., dated 03/17/00

Soil Sampling and Analysis Plan (SAP), by Knight Piesold & Co., Inc.,
dated 04/28/00 – 1,066 pages

Human Health and Ecological Risk Assessment Work Plan, by Tetra Tech, Inc.,
dated 05/17/00–160 pages

Investigation-Derived Waste from Site Assessment Activities, by Hargis +
Associates, Inc., dated 07/19/00

Sampling & Analysis Plan Volume III - Waste Management Plan

Investigation-Derived Waste from Site Assessment Activities, by Hargis +
Associates, Inc., dated 08/14/00

Health and Safety Plan, by CET Environmental Services, Inc., dated 09/05/00

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

Illness and Injury Protection Plan, by CET Environmental Services, Inc., dated 09/05/00

Review Draft Site-Wide SAP Groundwater & Surface Water Runoff Volume 2, by Hargis + Associates, Inc., dated 10/13/00

Storm Water Pollution Prevention Plan, by AE Schmidt Environmental, Inc., dated 02/00/01 – 332 pages

Health and Safety Plan, by Kanoa Company, dated 11/01/01

Illness and Injury Protection Plan, by Kanoa Company, dated 11/01/01

Ordinance & Explosive Waste Removal Action Work Plan, by OER, dated 08/01/02

- Other Reports

Third Quarter 2000 Groundwater Monitoring Data Submittal Areas 11,67&75 – 48 pages

Groundwater Monitoring and Sampling Data Submittal Areas 11,67 & 75 – 459 pages

- OEW Work Plans & Reports

OEW Clearance and Construction Support RI Work Plan for OU-1A,B,C, & E – 66 pages

Report on the OEW Clearance, Construction Support for RI Activities in OU-1A,B,C & E - 153 pages

Report on OEW Escort and Avoidance for OU-1E – 2 pages

OEW Clearance and Construction Support Report for the Golden Valley Road Right-Of-Way – 44 pages

- US Army Corps of Engineers Technology Demonstration - Hula Bowl Landfill #4

Hula Bowl #4 Volume = 2,800 cu.yds.

Project Value = \$3,000,000

- An Approximation of Totals for Work to Date within Designated Areas

Total Well Measurements – 1,002

Total Water Samples – 1,326 (average \$1445/sample for analysis)

Total Water Analyses – 16,981

Total Soil Vapor Samples – 75 (average \$450/sample for analysis)

Total Soil Vapor Analyses – 75

Total Soil Samples – 500 (average \$519/sample for analysis)

Total Soil Analyses – 5,000

Total Number of Soil Borings – 175-includes vapor & soil samples

Onsite Remediation Work Completed by SCLLC and Bermite (continued):

Total Feet Soil Boring – 4,576 ft. (0.9 miles)
Total Number of Soil Trenches – 76
Total Feet of Soil Trenches – 3,848 ft. (0.7 miles)
Total Earthquake Fault Trenching – 4,340 ft. – 0.8 miles w/shear faces

Onsite Remediation Work Completed by the Whittaker Parties³:

• OU-1

Quarterly Sampling Report No. 1 - Volume I, by Wenck, dated 12/00/88
Quarterly Sampling Report No. 1 - Volume II, by Wenck, dated 12/00/88
Quarterly Sampling Report No. 1 - Volume III, by Wenck, dated 12/00/88
Quarterly Sampling Report No. 2, by Wenck, 03/00/89
Quarterly Sampling Report No. 3, by Wenck, 07/00/89
Quarterly Sampling Report No. 4, by Wenck, 09/00/89
Quarterly Sampling Report No. 5, by Wenck, 03/00/90
Quarterly Sampling Report No. 6, by Wenck, 05/00/90
Quarterly Sampling Report No. 7, by Wenck, 06/00/90
Quarterly Sampling Report No. 8, by Wenck, 10/11/90
Quarterly Sampling Report No. 9, by Wenck, 01/11/91
Quarterly Sampling Report No. 10, by Wenck, 04/11/91
Quarterly Sampling Report No. 11, by Wenck, 07/26/91
Technical Memorandum Report of Perchlorate Investigation Activities at Areas 25 & 34, by AME, dated 09/01/98
Draft Technical Memorandum Results of Additional Characterization of Perchlorate-Impacted soil at Area 55 Associated with Off-Site Migration of Perchlorate in Surface Water, by AME, dated 09/14/98
Technical Memorandum Results of Additional Characterization of Perchlorate-Impacted soil at Area 55 Associated with Off-Site Migration of Perchlorate in Surface Water, by AME, dated 10/13/98
Draft Technical Memorandum Additional Characterization & Mitigation of Perchlorate-Impacted Soil at Area 55, by AME, dated 10/28/98
Draft Technical Memorandum Work Plan Perchlorate Investigation Activities at Areas 25 & 34, by AME dated 12/17/98
Area 317 RCRA Quarterly Ground Water Monitoring report No. 41 October Through December 1998 & 1998 Annual Summary, by AME, dated 01/14/99
Interim Report of Perchlorate Investigations for OUIDs Area 26 & Work Plan for Proposed Additional Investigations, by Knight Piesold & Co., Inc., dated 04/04/03

³ OU designations changed upon SCLLC's acquisition of the Porta Bella site on January 11, 1999 pursuant to SCLLC and DTSC agreement. Accordingly, the OU designations during Whittaker Corporation's ownership of the site and OU designations during SCLLC's ownership of the site do not necessarily coincide.

Onsite Remediation Work Completed by the Whittaker Parties (continued):

OU1E Area 55: Pilot Test Work Plan for Bioremediation of Impacted Soils, by CDM, dated 06/12/03
Response to Comments Remedial Investigation Report and Baseline Risk Assessment for OU1E, by Chemical Risk Sciences, International, dated 07/28/03
Area 55: Final Pilot Test Work Plan for Bioremediation of Impacted Soils, by CDM, dated 09/25/03
Final Remedial Investigation Report and Baseline Risk Assessment for OU1Dn and OUIDs Volumes I and II, by Knight Piesold & Co., Inc., dated 02/18/04
Draft Feasibility Study, by Knight Piesold & Co., Inc., dated 02/27/04
Final Feasibility Study, by Knight Piesold & Co., Inc., dated 02/27/04
Draft Remedial Action Plan, by CDM, dated 04/26/04
RAP: May 19, 2004 Public Hearing - Written Comments, Mitigated Negative Declaration, Additional Public Hearing, by Kelleher & Associates, dated 08/17/04
Draft Remedial Design - Soil Remedial Action, by CDM, dated 08/31/04
Final Report, OU1, by CDM, dated 10/01/04

- OU-2

Draft Soil Bioremediation Pilot Study Work Plan for Area 34 (OU-2), by SSWM, dated 08/25/03
Final Soil Bioremediation Pilot Study Work Plan for Area 34 (OU-2), by SSWM, dated 11/19/03

- OU-2 & OU-6

Draft Remedial Investigation Report, by CDM, dated 05/05/04
Final Remedial Investigation Report, by CDM, dated 05/05/04

- OU-3

Revised AME Technical Memorandum, Revised Radiological Scoping Survey Area 57 (Test Range, Former Buildings 102 & 107), by AME, dated 01/09/97
Draft Remedial Investigation Work Plan, by Knight Piesold & Co., Inc., dated 07/18/03
Final Remedial Investigation Work Plan, by Knight Piesold & Co., Inc., dated 10/16/03
Draft Remedial Investigation Report, by CDM, dated 06/23/04

Onsite Remediation Work Completed by the Whittaker Parties (continued):

- OU-4

Draft Remedial Investigation Work Plan, by Knight Piesold & Co., Inc., dated 06/08/04

- OU-5

Removal Action Work Plan, by CDM, dated 10/15/94

Technical Memorandum Work Plan Proposed Well Removal Area 75, The Abandoned Highway Well, by AME, dated 01/07/98

Technical Memorandum Results of Ground Water Investigations at Area 75 the Abandoned Well Volume I, by AME, dated 10/14/98

Technical Memorandum Results of Ground Water Investigations at Area 75 the Abandoned Well Volume II, by AME, dated 10/14/98

Draft Technical Memorandum Ground Water Sampling Work Plan - Area 75, by AME, dated 12/04/98

Draft Technical Memorandum Proposed Ground Water Investigation at Area 75, The Abandoned Highway Well, by AME, dated 12/11/98

Technical Memorandum Work Plan Proposed Well Removal Area 75, The Abandoned Highway Well, by AME, dated 12/18/98

Technical Memorandum Ground Water Sampling Work Plan - Area 75, by AME, dated 12/22/98

Technical Memorandum Proposed Ground Water Investigation at Area 75, The Abandoned Highway Well, by AME, dated 12/22/98

Technical Memorandum Additional Characterization & Mitigation of Perchlorate-Impacted Soil at Area 55, by AME, dated 12/22/98

Draft Technical Memorandum Results of Groundwater Investigations at Area 75, the Abandoned Highway Well Volume I AME Project No. 21001.86, by AME, dated 09/29/00

Draft Technical Memorandum Results of Groundwater Investigations at Area 75, the Abandoned Highway Well Volume II AME Project No. 21001.86, by AME, dated 09/29/00

Draft Remedial Investigation Work Plan, by Knight Piesold & Co., Inc., dated 11/17/03

- OU-6

Draft Area 317 RCRA Quarterly Ground Water Monitoring report No. 40 July through September 1998, by AME, dated 10/20/98

Revised Area 317 RCRA Quarterly Ground Water Monitoring report No. 40 July through September 1998, by AME, dated 12/14/98

Final Area 317 RCRA Quarterly Groundwater Monitoring Report No. 58 - First Quarter 2003, by Knight Piesold & Co., Inc., dated 06/11/03

Onsite Remediation Work Completed by the Whittaker Parties (continued):

- Final Area 317 RCRA Quarterly Groundwater Monitoring Report No. 59 Second Quarter 2003, by Knight Piesold & Co., Inc., dated 09/30/03
- Final Area 317 RCRA Quarterly Groundwater Monitoring Report No. 60 - Third Quarter 2003, by Knight Piesold & Co., Inc., dated 12/16/03
- Final Area 317 RCRA Quarterly Groundwater Monitoring Report No. 61, Fourth Quarter 2003 and Annual Summary, by Knight Piesold & Co., Inc., dated 03/29/04
- Final Area 317 RCRA Quarterly Groundwater Monitoring Report No. 63 Second Quarter 2004, by Knight Piesold & Co., Inc., dated 09/27/04

- OU-7

- Field Sampling Plan Technical Memorandum No. 5- Groundwater Investigations Northern Alluvium and Areas 11, 67, and 75, by Environ, dated 05/30/03
- Draft Field Sampling Plan Technical Memorandum No. 6- Groundwater Investigations, by Environ, dated 06/11/03
- Quarterly Groundwater Monitoring Report, Second Quarter 2004 (Calendar Quarter April 1 to June 30, 2004), by Environ, dated 09/30/04
- Addendum Field Sampling Plan Technical Memorandum No. 5- Groundwater Investigations Northern Alluvium and Areas 11, 67, and 75, by Environ, dated 10/07/04
- Technical Memorandum No. 7 Preliminary Data Transmittal OU7 Groundwater Investigations, by Environ, dated 10/15/04

- Site-wide

- RIWP Sampling & Analysis Plan, by AME (undated)
- Geotechnical Progress Report Bermite Property, by Pacific Soils, dated 02/28/90
- Geotechnical Feasibility Report, by Pacific Soils, dated 05/28/90
- Phase I Environmental Site Assessment, by Delta Environmental, dated 08/16/91
- Documents Concerning Non-RCRA Waste Landfills & Burial Areas & Investigations at the Bermite Facility, by S. Coleman, dated 01/11/93
- Draft Work Plan for Baseline Risk Assessment & Ecological Screening Evaluation, by EA Eng, dated 05/00/96
- Draft Remedial Investigation Report, by AME, dated 01/00/97
- Draft Remedial Investigation Report Volume I Tabs 1-7 Selected Text, Tables & Figures Arranged by Area, by AME, dated 01/00/97
- Final Remedial Investigation Report, by AME, dated 01/00/97
- Draft Remedial Investigation Report Volume II Tabs 8-14 Selected Text, Tables & Figures Arranged by Area, by AME, dated 01/00/97
- Draft Remedial Investigation Report Volume III Tabs 15-33 Selected Text, Tables & Figures Arranged by Area, by AME, dated 01/00/97

Onsite Remediation Work Completed by the Whittaker Parties (continued):

- Draft Remedial Investigation Report Volume IV Tabs 34-55 Selected Text, Tables & Figures Arranged by Area, by AME, dated 01/00/97
- Draft Remedial Investigation Report Volume V Tabs 56-76 Selected Text, Tables & Figures Arranged by Area, by AME, dated 01/00/97
- Draft Remedial Investigation Report Summary Volume, by AME, dated 01/00/97
- Technical Memorandum Background Concentrations of Chemicals of Concern & Screening Methodology, by AME, dated 09/25/97
- Remedial Investigation Report Summary for Bermite Facility, by AME, dated 01/16/98
- Revised Technical Memorandum Results of Surface Water Runoff Sampling, by AME, dated 03/25/98
- Technical Memorandum - Results of On-Site Sediment Sampling, by AME, dated 10/13/98
- Copies of Draft Technical Memorandum - Results of Off-Site Sediment Sampling, by AME, dated 12/16/98
- Technical Memorandum - Results of Off-Site Sediment Sampling, by AME, dated 12/28/98
- Technical Memorandum 2003 Surface Water Run-Off Sampling Results, by Environ, dated 05/16/03
- Monthly Summary Report for August 2003, by Kelleher & Associates, dated 09/30/03
- Final Whittaker-Bermite Community Survey, by DTSC, dated 10/01/03
- Final Addendum Field Sampling Plan Technical Memorandum Surface Water Run-Off Former, by Environ, dated 10/15/03
- Draft Scope of Work for Site-Wide Risk Assessment, by Knight Piesold & Co., Inc., dated 10/17/03
- Final Technical Memorandum Work Plan for Mitigation of Perchlorate in Surface Water Run-Off, and Implementation of Best Management Practices for Erosion Control, by Environ, dated 12/05/03
- Final Addendum Field Sampling Plan Technical Memorandum Surface Water Run-Off, by Environ, dated 12/30/03
- 2004 Public Participation Plan, by Whittaker Corporation, dated 05/01/04
- Perchlorate Soil Washing Bench Study, by Knight Piesold & Co., Inc., dated 08/04/04
- Final Monthly Summary Report for September 2003 through July 2004, by Geomatrix, dated 08/20/04
- Draft Perchlorate Soil Washing Work Plan Pilot Test Program, by Knight Piesold & Co., Inc., dated 08/23/04
- Technical Memorandum 2003/2004 Surface Water Run-Off and Shallow soil Sampling Results, by Environ, dated 09/30/04
- Draft Ex Situ Treatability and Pilot Testing Report, by CDM, dated 10/15/04

Onsite Remediation Work Remaining to be Completed:

OU-1 LOCATION - Eastern portion of the property, consisting of approximately 200+ acres, in an irregular, reverse "C" shape running from the northern border to the southern border, backing up to the eastern border.

REMEDIAL INVESTIGATION (RI) – Initial work plans and field work by Knight-Piesold/CET for SCLLC in 1999 & 2000. Closure issued for

OU-1A, B, & C. OU-1 Dn & Ds were identified for additional investigation (shallow soil for metals and deep soil for perchlorate). OU-1E was not included with initial RI work.

ADD'L INVESTIGATIONS - OU-1E remedial investigation fieldwork was completed by Knight-Piesold. A final RI report for OU-1 Dn & Ds was issued by Knight-Piesold, February 18, 2004.

FEASIBILITY STUDY (FS) – Draft OU-1 Feasibility Study for soils was prepared by Knight-Piesold & CDM, dated February 27, 2004. Later finalized by DTSC via addendum effective February 27, 2004.

REMOVAL ACTION WORKPLAN (RAP) – Draft RAP for excavation and treatment of soils in OU-1 by CDM, April 26, 2004. A public meeting was held on May 17, 2004 to receive comments. The RAP is in the design stage by CDM at the present. Finalization is expected by November, 2004..

REMEDIAL ACTIVITY – CDM expects to implement limited removal actions in portions of OU-1Ds in late 2004. The balance of the work for some drainage areas of OU-1 A & B, and Area 55 (OU-1E) will begin in Spring 2005. The remedial design has been presented to the DTSC for review and acceptance as a condition of the finalization of the RAP. Two or more areas will require soil vapor extraction for VOCs prior to soil remediation (Area 55 and possibly Areas 7 43, and Bldg. 329).

OU-2
(&OU-6) LOCATION – Southwest portion of the property, consisting of approximately 200+ acres, in an uneven rectangle, with its long axis starting in the extreme southwest corner of the property and running north east where it abuts OU-1.

RI – Investigation work plan prepared by Morrison-Knudsen in 2000 for SCLLC. It was implemented by CDM with fieldwork performed from March 2003 through September 2003. The draft RI Report was issued by CDM to the DTSC on May 5, 2004.

Onsite Remediation Work Remaining to be Completed (continued):

ADD'L INVESTIGATIONS – OU-6, which is entirely within OU-2, may require additional investigation to allow closure under RCRA. This is the only remaining, open RCRA unit at the site. CDM and Environ are performing follow-up investigations in OU-3 in the vicinity of Burn Valley.

FS WORK – Currently, the intent is to prepare a FS for the balance of the site (OU-2, 3, 4, 5, & 6) in lieu of individual FS studies. This final FS is expected to be available in Spring 2005.

REMEDIAL ACTIVITY – Major activities will include soil removals and/or treatment for perchlorate and some metals. There will be a need for short-term soil vapor extraction to address VOCs in soil in some areas.

Whittaker is planning on locating a semi-permanent soils treatment system in the southeast portion of the OU. The system will employ some combination of soil washing and/or biological soil treatment.

OU-3

LOCATION – Mid-western portion of the property, consisting of approximately 200+ acres, in an irregular triangle, with its western boundary along the middle, western boundary of the site. It is immediately north of OU-2.

RI WORK – The original RI was prepared in draft form by Washington (formerly Morrison-Knudsen) in March 2001. A revised version was prepared by Knight-Piesold in draft on July 18, 2003, and approved in final form by DTSC on October 16, 2003. The field investigation work was performed by CDM from October 2003 through January 2004. A draft RI Report, dated June 23, 2004, was presented to DTSC on June 24, 2004 for review and comment.

ADD'L INVESTIGATIONS – Environ has installed additional monitoring wells in the Burn Valley/East Fork Landfill area for delineate VOC and perchlorate contamination.

FS WORK – As noted above, the FS for this operable unit will be part of a site-wide FS.

REMEDIAL ACTIVITY – There will be areas of major soil removal for metals contamination and/or treatment for perchlorate. There will be a need for soil vapor extraction in the East Fork landfill area and adjacent portions of what was known as Burn Valley.

Onsite Remediation Work Remaining to be Completed (continued):

OU-4

LOCATION – Western portion of the property, consisting of approximately 200+ acres, in an irregular shape that is the western empenage of property. It makes contact to OU-5 at its northern boundary.

RI WORK – A draft RI work plan has been submitted to DTSC, who has allowed Knight-Piesold and CDM to implement portions of the fieldwork

in advance of final approval of the work plan. Fieldwork was completed in September 2004. The draft RI report is expected November 15, 2004.

ADD'L INVESTIGATIONS – It is unlikely that this operable unit will require any additional investigation as it was basically an unused portion of the site with the exception of four landfill areas for site housekeeping and construction debris, inert pieces of production flares, casings, etc.

FS WORK – As noted above, the FS for this operable unit will be part of a site-wide FS.

OU-5

LOCATION – Northern portion of the property, consisting of approximately 200+ acres, in an irregular, triangular shape that adjoins OU-4, OU-3, and OU-1Dn from west to east, respectively.

RI WORK – The DTSC gave permission to Environ and CDM to initiate fieldwork pursuant to a draft RI work plan issued on November 17, 2003. The DTSC approved the Hydrogeologic Investigation Workplan for Area 11 within OU-5 by Shaw Environmental on July 14, 2004. This work plan is in support of a U.S. Army Corps of Engineers project to demonstrate in situ treatment of perchlorate in shallow groundwater. Fieldwork for design and implementation of the technology demonstration has been perform as of September 29, 2004. The draft RI report was received November 3, 2004 from CDM.

ADD'L INVESTIGATIONS – It is anticipated that there may be a need to perform pilot testing of groundwater treatment systems to address moderate depth contamination of groundwater by perchlorate and VOCs. The area subject to this remedial requirement is at the entrance to the site, south of Soledad Canyon Road.

FS WORK – As noted above, the FS for this operable unit will be part of a site-wide FS.

REMEDIAL ACTIVITY – It is anticipated that there will be a need to treat shallow groundwater and soils to prevent further migration of

Onsite Remediation Work Remaining to be Completed (continued):

contamination from the site to the northern alluvium area of the property (area south of the Santa Clara River bed and Soledad Canyon Road.). There will likely be soil removals of a limited nature along the main road running into the property. Whittaker has obtained a NPDES permit for a small on-site treatment system for extracted groundwater and sampling purge water.

The Corps technology demonstration in Area 11 is expected to commence by late November or early December, 2004 with an approximately six-month demonstration period.

OU-7

RI WORK – The original draft RI work plan was prepared by Hargis and Associates for SCLLC in August 1999. It was subsequently modified by the separation of the large document into several technical memorandums to isolate discrete portions of the work for implementation. Additional technical memorandums have been prepared by Environ to address surface run-off testing and prevention of surface run-off of perchlorate. Extensive portions of the various technical memorandums have been performed. The draft RI report for groundwater was due August 2005.

ADD'L INVESTIGATIONS – There is an ongoing investigation by the U.S. Army Corps of Engineers for basin wide groundwater contamination by perchlorate. As part of this work, and work by Environ (for Whittaker), there will be further installation of wells on-site and off-site to identify the extent of contamination and act as sentry wells against future migration (under the CLWA's 97-005 process).

FS WORK – A major portion of the preliminary work for an FS are being performed as part of a RAP for the implementation of a well head treatment system for Santa Clarita Water Company (SCWC) wells SC-1 and SC-2. It is anticipated that this wellhead treatment system, along with on-site extraction wells, will form the basis of the final FS and remedy for groundwater on and off site. The FS is due in October 2005.

REMEDIAL ACTIVITY – The likely scenario for groundwater treatment consists of implementation of a wellhead treatment system at SCWC wells and on-site interception/extraction wells, along with source control and removal of contaminated soil. The time to implement the treatment systems is approximately 1-2 years from approval of the remedy. The length of operation of these systems will vary depending upon the location and contaminant concentration, but may be as short as 2-5 years for some perched locations to 30+ years for the SCWC wells and boundary wells.

Exhibits to Schedule 2:

**Exhibit "A" to Schedule 2
Exhibit "B" to Schedule 2**

**Whittaker Historic Database
Errata Sheets for Whittaker Historic Database**

END OF SCHEDULE 2

EXHIBIT "A" to SCHEDULE 2

Santa Clarita, L.L.C.
Whittaker Historic Database

CD Titles	Number of CDs
Master Index	1
Remedial Investigation Work Plan	1
AME	75
AME 001	
AME 002 through AME 003 (1 of 3)	
AME 003 (2 of 3)	
AME 004 (1 of 3)	
AME 004 (2 of 3)	
AME 004 (3 of 3) and AME 005	
AME 006 through AME 008	
AME 009 through AME 010	
AME 011 (1 of 2)	
AME 011 (2 of 2)	
AME 012 through AME 013 (1 of 2)	
AME 013 (2 of 2)	
AME 014	
AME 015 and AME 016	
AME 017	
AME 018	
AME 019 and AME 020	
AME 021 and AME 022	
AME 023 (1 of 2)	
AME 023 (2 of 2)	
AME 024 through AME 025	
AME 026 (1 of 2)	
AME 026 (2 of 2)	
AME 027	
AME 030 and AME 031	
AME 032	
AME 033 through AME 035	
AME 036 and AME 037 (1 of 2)	
AME 037 (2 of 2)	
AME 038	
AME 039 and AME 040	
AME 041	
AME 042 and AME 043	
AME 044 and AME 045	
AME 046 and AME 047	
AME 048	
AME 049 and AME 050	
AME 051 through AME 053	

AME 054 (1 of 2)	
AME 054 (2 of 2)	
AME 055 through AME 057	
AME 058	
AME 059	
AME 060 through AME 065	
AME 066 through AME 068	
AME 069 (1 of 2)	
AME 069 (2 of 2)	
AME 070 through AME 074 and AME 079	
AME 080 through AME 082	
AME 083 (1 of 2)	
AME 083 (2 of 2) through AME 086	
AME 087 (1 of 4)	
AME 087 (2 of 4)	
AME 087 (3 of 4)	
AME 087 (4 of 4) and AME 088	
AME 089 (1 of 2)	
AME 089 (2 of 2) through AME 091	
AME 092 and AME 093	
AME 094 and AME 095	
AME 096	
AME 097 (1 of 3)	
AME 097 (2 of 3)	
AME 097 (3 of 3)	
AME 100 through AME 107	
AME 108	
AME 109	
AME 110 (1 of 2)	
AME 110 (2 of 2)	
AME 111	
AME 112 (1 of 5)	
AME 112 (2 of 5)	
AME 112 (3 of 5)	
AME 112 (4 of 5)	
AME 112 (5 of 5)	
BOX 1M and BOX 2m (1 of 2)	7
BOX 2M (2 of 2) and BOX 3M	
BOX 4M and BOX 5M (1 of 2)	
BOX 5M (2 of 2) and BOX 6M (1 of 2)	
BOX 6M (2 of 2)	
BOX 7M and BOX 8M (1 of 2)	
BOX 8M (2 of 2) and BOX 9M and BOX Z	
WHITTAKER FILES:	17
BOX 03, BOX 05, BOX 07	

BOX 08 and BOX 09	
BOX 10, BOX 10A, BOX 11 through BOX 13	
BOX 14, BOX 17 through BOX 19	
BOX 20 and BOX 21	
BOX 22, BOX 23 and BOX 25	
BOX 25A and BOX 26	
BOX 47	
BOX 48 (1 of 2)	
BOX 48 (2 of 2) and BOX 49	
BOX 50 through BOX 52	
BOX 53 and BOX 54	
BOX 55 and BOX 56	
BOX 57 through BOX 61	
BOX 62 through BOX 66	
BOX 67 and BOX 68	
BOX 69 and BOX 70	
PORTA BELLA SITE:	12
PB 001 through PB 010	
PB 011 through PB 042	
PB 043 through PB 054	
PB 055 through PB 065	
PB 066 through PB 082	
PB 083 through PB 093	
PB 094 through PB 101	
PB 102 through PB 118b	
PB 119	
PB 120 through PB 123 (1 of 2)	
PB 123 (2 of 2)	
PB 124 through PB 142	
FILE 01 and FILE 02 (1 of 2)	35
FILE 02 (2 of 2), FILE 03 and FILE 04	
FILE 05, FILE 06 and FILE 07 (1 of 2)	
FILE 07 (02 of 02)	
FILE 08	
FILE 09	
FILE 10 (1 OF 3)	
FILE 10 (2 OF 3)	
FILE 10 (3 OF 3) and FILE 11 (1 OF 3)	
FILE 11 (2 OF 3)	
FILE 11 (3 OF 3)	
FILE 12 and FILE 13	
FILE 14 and FILE 15	
FILE 16	
FILE 17 and FILE 18 (1 OF 4)	
FILE 18 (2 OF 4)	

FILE 18 (3 OF 4)	
FILE 18 (4 OF 4) and FILE 19 (1 OF 2)	
FILE 19 (2 OF 2)	
FILE 20	
FILE 21 and FILE 22 (1 OF 4)	
FILE 22 (2 OF 4)	
FILE 22 (3 OF 4)	
FILE 22 (4 OF 4)	
FILE 23 (1 OF 6)	
FILE 23 (2 OF 6)	
FILE 23 (3 OF 6)	
FILE 23 (4 OF 6)	
FILE 23 (5 OF 6)	
FILE 23 (6 OF 6) and FILE 24 (1 OF 2)	
FILE 24 (2 OF 2)	
FILE 25 (1 OF 2)	
FILE 25 (2 OF 2)	
FILE 26 (1 OF 2)	
FILE 26 (2 OF 2) and File 27	
WHITTAKER HISTORIC INSURANCE CD #129	1
(See attached Schedule of specificity)	
DTSC:	7
DTSC FILES ak-bq	
DTSC FILES br-cb	
DTSC FILES cc-nc31	
DTSC FILES 01-09	
DTSC FILES 10-18	
DTSC FILES 19-30	
DTSC FILES 31-aj	
TOTAL CDs:	156
Key:	
"AME" refers to Acton Mickelson Environmental, Inc. file boxes	
"Box #M" refers to Munger, Tolles & Olson file boxes	
"Whittaker Files" refers to the files at the Whittaker Corporation	
"PB" refers to loose documents located at the Porta Bella property	
"File" refers to the file cabinets located at the Porta Bella property	
"Whittaker Historic Insurance" refers to 2 boxes received from Heller Ehrman White & McAuliffe titled: Whittaker Corporation Environmental Insurance Coverage" starting with "Volume 2" and going through "Volume 16" and covering the years 1962 through 1987	

EXHIBIT "B" to SCHEDULE 2

156 CD Set Problems

Item	Folder	File	Problem
1	AME014	AME014_001	O.K. if view on Adobe Reader 6.0
2	AME014	AME014_002	O.K. if view on Adobe Reader 6.0
3	AME014	AME014_003	O.K. if view on Adobe Reader 6.0
4	AME014	AME014_010	O.K. if view on Adobe Reader 6.0
5	AME014	AME014_011	O.K. if view on Adobe Reader 6.0
6	AME014	AME014_012	O.K. if view on Adobe Reader 6.0
7	AME014	AME014_031	O.K. if view on Adobe Reader 6.0
8	AME014	AME014_032	O.K. if view on Adobe Reader 6.0
9	AME014	AME014_033	O.K. if view on Adobe Reader 6.0
10	AME014	AME014_034	O.K. if view on Adobe Reader 6.0
11	AME020	AME020_024	-Missing image AME 020_024- Jumps from AME 020_023 to AME 020_025
12	AME026	AME026_004	-Missing image AME 026_004- Jumps from AME 026_003 to AME 026_006
13	AME026	AME026_005	-Missing image AME 026_005- Jumps from AME 026_003 to AME 026_006
14	AME026	AME026_020	-Missing image AME 026_020- Jumps from AME 026_019 to AME 026_021
15	AME026	AME026_027	-Missing image AME 026_027- Jumps from AME 026_026 to AME 026_028
	AME035	AME035_158	- pg. 128- Not full image; pgs. 130, 135, 138- No image coming up (program shuts down)
16	AME041		Master AME041 is Correct and is not duplicate of AME039, AME040. (will replace)
17	AME042	AME042_001	O.K. if view on Adobe Reader 6.0
18	AME043	AME043_001	- Sign comes up- "This file is damaged but is being repaired." Adobe 6.0 opens saying, "There was an error opening this document. The file is damaged and could not be repaired." End program dialogue box- This program is not responding. End now shuts down file screen.
19	AME043	AME043_002	Same as 043_001
20	AME043	AME043_003	Same as 043_001
21	AME043	AME043_004	Same as 043_001
22	AME043	AME043_005	Same as 043_001
23	AME043	AME043_006	Same as 043_001
24	AME043	AME043_007	Same as 043_001
25	AME043	AME043_008	Same as 043_001
26	AME048	AME048_015	- pg. 5 (No image); pgs. 8-14 (No images)
27	AME048	AME048_016	- Sign comes up, "There was an error opening this document. A file read error has occurred."
28	AME048	AME048_017	- Pg. 3 (No image); then sign comes up, "There was a problem reading this document."

29	AME048	AME048_018	- Totally blank screen (No sign)
30	AME048	AME048_019	- Sign comes up, "There was an error opening this document. A file read error has occurred."
31	AME048	AME048_020	- Totally blank screen (No sign)
32	AME048	AME048_021	- Sign comes up, "There was an error opening this document. A file read error has occurred."
33	AME048	AME048_022	- pg. 2 to end of document- Sign, "There was a problem reading this document."
34	AME048	AME048_023	- Sign comes up, "There was an error opening this document. A file read error has occurred."
35	AME048	AME048_024	- Sign comes up, "There was an error opening this document. A file read error has occurred."
36	AME048	AME048_025	- Sign comes up, "There was an error opening this document. A file read error has occurred."
37	Box 13	Box13_001	- Totally blank screen (No sign)
38	Box 13	Box 13_002b	- Totally blank screen (No sign)
39			

SCHEDULE 3

SALE PROCEDURES

Seller shall seek Bankruptcy Court approval of the following procedures (these “**Sale Procedures**”) in the administratively consolidated bankruptcy cases of SCLLC, Bermite and RFI (collectively “**Debtors**”) and propose that these Sale Procedures shall govern any auction (the “**Auction**”) conducted by the Court in connection with the proposed sale (the “**Sale**”) contemplated by the Purchase and Sale Agreement dated November __, 2004 between Seller and Buyer (“**Agreement**”). All capitalized terms herein shall have the meaning ascribed those terms in the Agreement unless otherwise defined herein.

1. **Final Hearing.** The Auction and the final hearing to approve the Sale Motion (the “**Sale Hearing**”) should be held contemporaneously before The Honorable Charles G. Case, United States Bankruptcy Judge.
2. **Diligence by Prospective Overbidders.** The Debtors may give notice of the Sale to prospective overbidders, receive and consider unsolicited offers for the Property, provide information to any such prospective offeror, and allow any potential bid for the Property; provided, however, that any such prospective offeror desiring to conduct due diligence shall (a) demonstrate appropriate financial and developmental ability, as determined by Seller in its sole discretion, to consummate a transaction for the purchase of the Property, and (b) execute a **confidentiality agreement** in a form acceptable to Seller in accordance with these Sale Procedures.
3. **Objection/Overbid Deadline.** Any (a) objection (an “**Objection**”) to the Sale Motion, or (b) competing “**Initial Overbid**” (as described below) should be served on counsel for the Seller, counsel for Buyer, counsel for Zurich Companies, counsel for the Whittaker Parties, and counsel for the United States Trustee (the “**UST**”), (the parties to receive notice are collectively referred to herein as the “**Noticed Parties**”) in a manner such that the Objection, or Initial Overbid is actually received by no later than ten (10) days prior to the Sale Hearing (the “**Objection/Overbid Deadline**”).
4. **Overbid Requirements.** Any entity (other than the Buyer) that is interested in purchasing the Property (an “**Overbidder**”) should be required to the Seller an “**Initial Overbid**” in conformance with this paragraph by not later than the Objection/Overbid Deadline. Any such Initial Overbid must:
 - (a) be served on the Noticed Parties, in a manner such that Initial Overbid actually is received on or before the Objection/Overbid Deadline;
 - (b) include (i) a copy of a definitive sale document executed by the Overbidder having terms and conditions no less favorable to the Debtors than as are contained in the Agreement; (ii) a version of the Overbidder’s definitive sale document redlined or otherwise marked to show any and all deviations from the Agreement; and, (iii) be a bid to purchase all of the Land;
 - (c) contain the same or equivalent provisions to ensure funding for remediation of all onsite environmental conditions;

- (d) exceed the aggregate cash consideration \$51,500,000 to be paid by Buyer under the Agreement by the amount of the **Overbid Deposit** (described in paragraph 4(g) below);
 - (e) be accompanied by admissible evidence, in the form of affidavits or declarations establishing the Overbidder's good faith, within the meaning of section 363(m) of title 11 of the United States Code (the "**Bankruptcy Code**");
 - (f) be accompanied by (i) financial statements or admissible evidence in the form of affidavits or declarations establishing that the Overbidder is willing, authorized, capable, and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Agreement (or its equivalent) in the event that it submits the prevailing overbid at the Sale Hearing, and (ii) evidence that it is duly authorized and entitled to engage in the transaction contemplated by the Initial Overbid without the consent of any entity that has not been obtained; and
 - (g) be accompanied by a deposit (the "**Overbid Deposit**") in the sum \$150,000 more than the sum of the **Breakup Fee** described in Paragraph 5 below.
5. **Break-up Fee.** Solely in the event that the Bankruptcy Court enters an order approving the sale of the Property to an entity other than Buyer, and the Buyer has not committed a material default under the Agreement, the Debtors shall pay Buyer an amount equal to the sum of: (i) all actual third party out-of-pocket expenses that Buyer has incurred in connection with the Agreement and Sale (including, without limitation, all due diligence cost and expenses, and all legal and consulting fees and costs), which costs and expenses, for purposes of calculating the amount of the Overbid Deposit, shall be estimated at \$500,000; (ii) the Buyer Payments (to a maximum of \$1,125,000); and (iii) \$500,000 (collectively, (i), (ii), and (iii), the "**Break-up Fee**"). If earned pursuant to these Sale Procedures, the Break-up Fee shall be payable to Buyer from the Overbid Deposit of the Prevailing Bidder five (5) court days after entry of an order approving the Sale. Upon payment of the Break-up Fee, Buyer shall immediately release the Priming Lien.
6. **Firm Offers.** All bids shall be "firm offers" and shall not contain any contingencies to the validity, effectiveness, and/or binding nature of the offer, including, without limitation, contingencies for financing, due diligence or inspection except for the conditions to closing provided for in the Agreement.
7. **Requirement for Overbidders to Appear at Sale Hearing.** All Overbidders shall appear in person at the Sale Hearing, or through a duly authorized representative.
8. **Non-Conforming Bids Disqualified from Consideration.** Debtors shall request that any entity that fails to submit a timely conforming Initial Overbid, as set forth above, should be disqualified from bidding for the Property at the Auction conducted by the Sale Hearing.
9. **Reply Date.** The Noticed Parties and other parties in interest may file responses to any Objection or Initial Overbid by no later than three (3) days prior to the Sale Hearing.

10. **No Conforming Overbids.** If no timely, conforming Initial Overbids are submitted, the Debtors shall request at the Sale Hearing that the Court approve the proposed sale of the Property to the Buyer in accordance with the terms of the Agreement. Any party in interest may contest the Debtors' determination as to whether an Initial Overbid is conforming, but any such contest must be made in a writing filed with the Bankruptcy Court and served on the Noticed Parties no later than two (2) business days before the Sale Hearing:
11. **Auction Procedures.** In the event that one or more timely, conforming Initial Overbids are submitted (each person who has submitted such a timely, conforming initial overbid shall be referred to herein as "**Qualified Overbidder**"), the Bankruptcy Court shall conduct the Auction, in which the Buyer and all Qualified Overbidders may participate. The Debtors shall request that the Auction shall be governed by the following procedures:
- (a) all bidders shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and to have waived any right to jury trial in connection with any disputes relating to the Auction and/or sale of the Property;
 - (b) bidding will commence at the amount of the highest bid or otherwise best offer submitted by a Qualified Overbidder, as determined by the Debtors in their sole discretion after consultation with the Zurich Parties and the Whittaker Parties.
 - (c) each subsequent bid by a Qualified Overbidder or the Buyer shall be in increments of at least \$250,000 in aggregate consideration above the previous bid;
 - (d) if, upon the conclusion of the Auction, and consistent with the terms of these bidding procedures, Buyer has failed to make a bid that the Debtors determine, in their sole discretion, to be the highest or otherwise best bid, the Debtors will recommend that the Bankruptcy Court authorize and approve a sale of the Property to such prevailing Qualified Overbidder;
 - (e) if, however, Buyer makes a bid that the Debtors determine, in their sole discretion, and consistent with the terms of these Sale Procedures, to be the highest or otherwise best bid made by a Qualified Overbidder, the Debtors will recommend that the Bankruptcy Court approve the Agreement and authorize the Debtors to sell the Property to Buyer, and
 - (f) upon conclusion of the Auction, the Bankruptcy Court shall make the ultimate determination of which bid for the Property represents the highest or otherwise best bid for the Debtors and their Chapter 11 bankruptcy estates (the "**Prevailing Bidder**").
12. **The Debtors' Business Judgment .** The Debtors: (a) may exercise their business judgment to recommend a sale of the Property to any Qualified Overbidder whose bid the Debtors determine, in their sole discretion, to be in the best interests of the estates; (b) shall consult with the Zurich Parties, Whittaker Parties, or any other significant creditors or other constituents in connection with the bidding process and the selection of the highest or otherwise best bids collectively (the "**Creditor Parties**"); and (c) may reject, at any time before the entry of an order of the Bankruptcy Court approving a bid from a Qualified

Bidder, any bid that, in the Debtors' sole discretion, is (i) inadequate or insufficient, (ii) not in substantial conformity with the Bankruptcy Code, these Sale Procedures, or the terms and conditions of the sale, or (iii) contrary to the best interests of the Debtors, their estates and creditors. In exercising their business judgment as to which bid by a Qualified Overbidder constitutes the highest or otherwise best bid, the Debtors may consider all factors which the Debtors deem relevant, including but not limited to, the terms and conditions of the proposed Agreement, the Qualified Overbidder's ability to close the proposed transaction, the scope of the proposed transaction, the form and market value of any non-cash consideration offered (specifically including the Qualified Overbidder's ability to match the profit participation component of the Agreement), the aggregate value of any assets not included in such bid and the Debtors' ability to recognize such value, the costs to the Debtors' estates of any bid, and the recommendations of the Creditor Parties. Each Qualified Overbidder should be prepared to make its best and final offer at the Auction, and the Debtors reserve all rights to object to and oppose any request for a continuance or recess of the Sale Hearing.

13. **Back-up Bidder.** Upon the conclusion of the Auction, the Debtors shall select a bidder other than the Prevailing Bidder and to designate such bidder the "Back-up Bidder," provided, however, that Buyer shall be bound by its bid only until the Bankruptcy Court has entered an order approving the sale to the Prevailing Bidder unless Buyer agrees in writing to act as the Back-up Bidder. If, for any reason, the Prevailing Bidder is unable or unwilling to timely perform its obligations under the Prevailing Bidder's definitive sale agreement, the Debtors shall sell the Property to the Back-up Bidder without further notice or a hearing. If Buyer becomes the Back-up Bidder, a deposit of \$500,000 shall be placed in an interest-bearing Escrow Account selected by Buyer as a deposit until the close of the Sale to the Prevailing Bidder (the "**Back-up Bid Deposit**"). The Back-up Deposit shall not be used for any purpose other than as part of the close of the sale to Buyer, and no party other than Buyer shall have any rights to claim the Back-up Deposit.
14. **Disposition of Deposits.** The deposits submitted by any Qualified Overbidder, together with interest earned thereon, shall be refunded by Debtor to each unsuccessful bidder other than the Back-up Bidder, if any. Except to the extent that it is used to pay the Break-up Fee as required by paragraph 5 herein, the deposit of the Prevailing Bidder and the Back-up Bidder, together with interest earned thereon, shall be retained by the Debtors as earnest money to be used in the following ways: (a) the deposit of the Prevailing Bidder shall either be (i) applied at closing as a credit toward the purchase price of the Prevailing Bidder, (ii) if the sale to the Prevailing Bidder shall fail to timely close by reason of a breach or default of the Prevailing Bidder, the deposit, together with interest earned thereon shall be retained by the Debtors as liquidated damages, or (iii) in the event that the sale to the Prevailing Bidder shall fail to timely close by reason of a breach or default of the Debtors, the deposit together with interest earned thereon shall be returned to the Prevailing Bidder, and (b) the deposit of the Back-up Bidder shall either be (i) returned to the Back-up Bidder together with interest earned thereon upon the closing of the transaction with the Prevailing Bidder, or (ii) if the sale to the Prevailing Bidder shall fail to close for any reason, applied at closing as a credit toward the purchase price of the Back-up Bidder.

SCHEDULE 4

Litigation Schedule

(pending, outstanding and threatened against SCLLC, Bermite and/or the Property)
[Paragraph 9.1.1(g) of the Contract]

- *Castaic Lake Water Agency, et al v. Whittaker Corporation, et al.* United States District Court, Central District of California; CV 00-12613 AHM (RZx); claims, allegations and counter/cross complaints involved therein (the "*CLWA Case*").
- *Steadfast Insurance Company v. Whittaker Corporation, et al.* Superior Court of the State of California County of Los Angeles, Central Civil West; BC 251374; numerous claims, declaratory relief, cross-complaints, third party complaints, and third party cross-complaints, etc. (the "*Steadfast Dec Action*").
- *American Guarantee and Liability Insurance Company v. Santa Clarita, L.L.C., et al.* Superior Court of the State of California County of Los Angeles, Central Civil West; PC 026739X. Court Ordered as a "Related Case" to the Steadfast Dec Action; claims, action for money judgment, pre-judgment Writ of Attachment.
- *City of Santa Clarita v. Santa Clarita, L.L.C., et al;* Superior Court of the State of California County of Los Angeles; BC 259442. Condemnation of Golden Valley Road.
- *City of Santa Clarita v. Santa Clarita, L.L.C., et al;* Superior Court of the State of California County of Los Angeles; BC 278004. Condemnation of the Metrolink Parking Lot.
- *City of Santa Clarita v. Santa Clarita, L.L.C., et al;* Superior Court of the State of California County of Los Angeles; BC 257152. Non-Condemnation matter relative to the Second Commuter Rail Station Site Lease (i.e. the Metrolink Parking Lot). Note: This matter has been consolidated with Case Number BC 278004 (i.e. the Condemnation case for the Metrolink Parking Lot).
- *Hargis + Associates, Inc. v. Remediation Financial, Inc., et al.* Superior Court of the State of California County of San Diego. GIC 830374. Case for services rendered against RFI only; however, matters at issue are partially involved in the Hargis + Associates, Inc. case number BC 263563 (*See, below*) in which judgment was obtained against SCLLC. Additionally, money judgment sought against RFI only in this case is already part of the money judgment obtained by Hargis + Associates, Inc. against SCLLC in case number BC 263563 (*See, below*).
- *Knight Piesold & Co. v. Santa Clarita, L.L.C., et al.* Superior Court of the State

of California County of Los Angeles, North Valley District. PC 027891Z. Case for services rendered and to enforce mechanic's lien; settlement documents fully executed; settlement pending performance.

- *Armguard Security & Patrol Alarm Systems v. Santa Clarita, L.L.C.*, Superior Court of the State of California County of Los Angeles. BC 294759. Case for services rendered.
- *Weber Shandwick Worldwide (CMGRP, Inc.) v. Santa Clarita, L.L.C.*, Superior Court of the State of California County of Los Angeles, West District-Santa Monica. SC 077363. Case for services rendered.
- *Sonnenschein, Nath & Rosenthal LLP v. Santa Clarita, L.L.C., et al*, Superior Court of the State of California County of San Francisco. CGC 03-422548. Case for services rendered.
- *Santa Clarita, L.L.C. and Bermite Recovery, L.L.C., et al, Appellants, v. A.I. Credit Corp, Appellee*, Court of Appeal of the State of California, Second Appellate District, Case No. B 177437. Appeal taken from the Superior Court of the State of California County of Los Angeles. Defendants, Cross-Complainants & Cross-Defendants SCLLC, Bermite Recovery & RFI appeal a Judgment entered on May 26, 2004 in favor of A.I. Credit Corp dismissing claims and causes of action against A.I. Credit Corp asserted by Appellants. One appeal has been taken by SCLLC & RFI and another appeal has been taken by Bermite Recovery; all appeals are stayed under 11 U.S.C. § 362. Case involves allegations in contract, equitable actions, declaratory relief, restoration, reformation, estoppel, and torts of intentional interference, bad faith insurance cancellation, negligent misrepresentation, breach of fiduciary duty, and tortious breach of implied covenant.
- *Hargis + Associates, Inc. v. Santa Clarita, L.L.C., et al*. Superior Court of the State of California County of Los Angeles. BC 263563. Case for services rendered; Judgment obtained against SCLLC. (*See also*, Hargis case number GIC 830374 above).
- *Forma Design, Inc. v. Santa Clarita, L.L.C., et al*. Superior Court of the State of California County of Los Angeles, North Valley; PC 027897W. For services rendered and to enforce mechanic's lien; Judgment obtained against SCLLC.
- *A.E. Schmidt Environmental, Inc. v. Santa Clarita, L.L.C., et al*, Superior Court of the State of California County of Los Angeles, North Valley District. PC 03 1952. Case for services rendered and to enforce mechanic's lien; Judgment obtained against Santa Clarita, L.L.C.
- Resolutions passed by the Planning Commission (Resolution P02-12 on April 2,

2002) and City Council (Resolution 03-61 on May 13, 2003) of the City of Santa Clarita, California finding non-compliance by SCLLC and Bermite Recovery with certain provisions of the Development Agreement dated March 28, 1996. The City's actions are still subject to judicial challenge by SCLLC and Bermite, but any such challenge is the subject of a Tolling Agreement between the City, SCLLC and Bermite dated August 8, 2003, as amended on December 1, 2003 and March 31, 2004, the necessity of further amendments, however, being stayed under applicable provisions of the United States Bankruptcy Code.

- Letters from Steadfast Santa Clarita Holdings, L.L.C. to SCLLC & Bermite alleging ownership an alleged first deed of trust position on the SCLLC Land and on the Bermite Land, and alleging default by SCLLC and Bermite Recovery in the non-timely payment of the alleged indebtedness purported to be secured by such alleged first deed of trust, and alleging default by SCLLC and Bermite Recovery under certain provisions of such alleged first deed of trust relative to mechanic liens attaching to the SCLLC Land and the Bermite Land as not being allegedly timely paid, released or bonded off.
- Letter from Porta Bella Lender, L.L.C. (holder of a deed of trust upon the SCLLC Land) alleging default in the timely payment of interest.
- Letters dated January 25, 2002 and May 13, 2002 from the State of California Department of Justice threatening "action regarding the release or threatened release of hazardous substances at the ..." SCLLC Land and Bermite Land to recover the California Department of Toxic Substances Control's ("DTSC") "past costs, to enforce current agreements between [the DTSC] and Whittaker Corporation and Santa Clarita, L.L.C., to seek injunctive relief requiring a response action relating to hazardous substances located at the Whittaker property, and to seek declaratory relief as to the DTSC's future response costs."
- *Santa Clarita, L.L.C. v. City of Santa Clarita*. Formerly pending in the Superior Court of the State of California County of Los Angeles as BC 254794. This matter has been dismissed without prejudice and is the subject of a Tolling Agreement between the parties that permits the refiling of the case at anytime prior to April 25, 2005.
- Reservation of Rights letter from Steadfast Insurance Company relative to: (i) the underlying claims asserted in the CLWA Case, and (ii) the costs of defense of the CLWA Case.
- Demand by Steadfast Insurance Company for indemnity from SCLLC, RFI, *et al* (as insureds) relative to claims asserted against Steadfast Insurance Company by insurers (defendant-cross complainant third party insurance companies) who have been sued by Steadfast Insurance Company in the Steadfast Dec Action.

- Demand by Steadfast Insurance Company to SCLLC not to pursue or otherwise deal in or with Whittaker Historic Insurers.
- Letter from Whittaker Corporation (holder of a deed of trust upon the SCLLC Land) alleging default under its deed of trust for, *inter alia*, SCLLC and Bermite's execution of a former Purchase and Sale Agreement with Cherokee and failure to timely pay real estate taxes.
- Verbal allegations by Whittaker Corporation of breach of contract by SCLLC for SCLLC's failure to honor a Whittaker alleged contractual obligation upon SCLLC to environmentally remediate the Porta Bella project site under the Restated and Amended Purchase Agreement between Whittaker Corporation and SCLLC dated as of November 5, 1998.
- Letter from ZC Speciality Insurance Company to SCLLC (and RFI) seeking indemnification / reimbursement for sums paid (\$3,469,088 as of February 20, 2004) by ZC under a ZC Policy written for Whittaker Corporation relating to the environmental contamination condition at the Porta Bella project site.

END OF SCHEDULE 4