

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
SANTA ANA REGION**

STATE WATER RESOURCES CONTROL BOARD

[PROPOSED] ADMINISTRATIVE SETTLEMENT AGREEMENT

**In the Matter of the Contamination of the Groundwater
In Rialto/Colton Groundwater Basin**

Between

The Santa Ana Regional Water Quality Control Board, the State Water Resources Control Board, Pyro Spectaculars, Inc., Astro Pyrotechnics, Inc., Thomas O. Peters, the 1996 Thomas O. Peters and Kathleen S. Peters Revocable Trust, Trojan Fireworks Company and Stonehurst Site LLC

This Administrative Settlement Agreement is entered on the ___ day of _____, 2012, by and between: Pyro Spectaculars, Inc. (“PSI”); Astro Pyrotechnics, Inc. (“Astro”); Thomas O. Peters (“Peters”); 1996 Thomas O. Peters and Kathleen S. Peters Revocable Trust (“Peters Trust”); Stonehurst Site, LLC (“SSLLC”); Trojan Fireworks Company (“Trojan”) (collectively the "Settling Parties"), the California Regional Water Quality Control Board, Santa Ana Region (the "Santa Ana Regional Board"), and the State Water Resources Control Board (the “State Water Board”). The Santa Ana Regional Board and the State Water Board are collectively the “Water Boards,” and the Settling Parties and the Water Boards are collectively the "Parties."

BACKGROUND

1. The Santa Ana Regional Board is an agency of the State of California currently overseeing response actions in the Rialto/Colton Groundwater Basin being undertaken pursuant to the Porter-Cologne Water Quality Control Act (Water Code, § 13000 et seq.) and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA”) (42 U.S.C. § 9601 et seq.). The Santa Ana Regional Board contends that it has incurred and will in the future incur CERCLA-recoverable response costs within the meaning of CERCLA section 107 and that it has incurred and will in the future incur costs for “supervising cleanup and abatement activities” within the meaning of Water Code section 13304 for response actions in the Rialto/Colton Groundwater Basin.

2. On April 30, 2004, the Santa Ana Regional Board issued cleanup and abatement order R8-2004-0042 to PSI, Peters Trust (erroneously referred to as “Thomas O. Peters

Revocable Trust”), Peters and Whittaker Corporation in connection with alleged contamination of the Rialto/Colton Groundwater Basin from the Stonehurst Property. The Santa Ana Regional Board is the lead California agency for the Stonehurst Property. In the Fall of 2006, the Santa Ana Regional Board issued amended draft cleanup and abatement order R8-2005-0053 to, *inter alia*, PSI in connection with alleged contamination at and from the 160-Acre Area in the Rialto/Colton Groundwater Basin. The Santa Ana Regional Board was the lead California agency for the 160-Acre Area until the State Water Board took own motion review on June 3, 2008. The two cleanup and abatement orders referenced in this paragraph are collectively referred to as the “Orders.” Additionally, PSI has filed third-party claims against the Santa Ana Regional Board and the State of California in state court relating to the 160-Acre Area.

3. An administrative action captioned In The Matter Of Perchlorate Contamination At A 160-Acre Site In The Rialto Area, SWRCB/OCC File A-1824, is pending against, *inter alia*, PSI at the State Water Board. The Santa Ana Regional Board’s Prosecution Team, which includes the Executive Officer of the Santa Ana Regional Board, is the prosecutor and the Santa Ana Regional Board’s draft cleanup and abatement order R8-2005-0053 is the operative complaint in the State Water Board administrative action.

4. The Santa Ana Regional Board’s Executive Officer has been delegated the authority to act for the Santa Ana Regional Board regarding all cleanup and abatement activities pursuant to Water Code section 13223 and is acting on behalf of the Santa Ana Regional Board in all respects related to this Administrative Settlement Agreement.

5. The State Water Board, which had assumed jurisdiction for the 160-Acre Area based on its commencement of own motion review, has authorized its Chief Deputy Director to execute this Administrative Settlement Agreement in State Water Board Resolution No.

6. On September 23, 2009, the United States Environmental Protection Agency (“U.S. EPA”) listed the 160-Acre Area, and all areas where contamination from the 160-Acre Area has or will come to be located, on the National Priorities List as the “B.F. Goodrich Superfund Site” and assumed lead agency responsibility for the cleanup of the B.F. Goodrich Superfund Site, 74 Fed. Reg. 48412 (September 23, 2009).

7. On September 30, 2010, the U.S. EPA issued its Interim Action Record of Decision, EPA ID: CAN000905945, for the B.F. Goodrich Superfund Site, which set forth the

interim remedy for the cleanup of the groundwater in the Rialto/Colton Groundwater Basin (the "Interim ROD Remedy").

8. Peters, Peters Trust and SLLC, at various times, owned the Stonehurst Property. Trojan, and after March, 1988, PSI, operated at the Stonehurst Property.

9. PSI leased and operated on the PSI Site.

10. The Settling Parties have been and/or are defendants and cross-complainants in federal and state lawsuits ("Lawsuits") related to the existing groundwater contamination in or alleged to be migrating from the Rialto/Colton Groundwater Basin, including lawsuits brought by the United States; the County of San Bernardino; the Rialto Utility Authority and the City of Rialto (collectively, "Rialto"); and/or the City of Colton ("Colton"). The "Lawsuits" are listed on Attachment 1.

11. On _____, 2012, the Settling Parties entered into a Federal Consent Decree with the U.S. EPA, a copy of which is attached for informational purposes only as Attachment 2.

12. Each of the Settling Parties expressly does not admit any fact or liability arising out of or relating to the transactions or occurrences alleged in the Orders or in the Lawsuits. The Settling Parties do not admit any of them are responsible for the alleged past or future costs of the investigation, remediation, or monitoring required by the Orders and any damages or response costs alleged to have arisen from the existence of the alleged discharges of waste specified in the Orders.

TERMS OF SETTLEMENT

13. **Definitions.**

A. Consent Decree. The term "Consent Decree" means that document titled "Consent Decree" and that has been lodged with the United States District Court, Central District of California in the matter of Colton v. American Promotional Events, Inc. et al., Case No. ED CV 09-01864 PSG (SSx), signed by, inter alia, the Settling Parties, the United States, Rialto, Colton and the County of San Bernardino.

B. Contamination. The term "Contamination" means: (i) any compound containing the perchlorate ion (ClO₄⁻), including ammonium perchlorate, potassium perchlorate, and any breakdown or "daughter" products; (ii) any substance, product, waste or other material of any nature whatsoever which is or becomes listed, regulated, or addressed pursuant to

CERCLA (as a “hazardous substance” as now or hereafter defined in Section 101(14) of CERCLA or any regulations promulgated under, or as a pollutant or contaminant as now or hereafter defined in Section 101(33) of CERCLA or any regulations promulgated under CERCLA), including TCE; Resource Conservation and Recovery Act, as amended (“RCRA”) (42 U.S.C. § 6901 et seq.); the Hazardous Materials Transportation Act, 49 U.S.C. section 1801, et seq.; the Toxic Substances Control Act, 15 U.S.C. sections 2601, et seq.; the Clean Water Act, 33 U.S.C. section 1251 et seq.; the California Hazardous Waste Control Act, Health and Safety Code section 25100 et seq.; the California Hazardous Substances Account Act, Health and Safety Code section 25100 et seq. (“HSAA”); the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code section 25249.5, et seq.; the California Hazardous Waste Management Act, Health and Safety Code section 25501, et seq. (Hazardous Materials Response Plans and Inventory); or the California Porter-Cologne Water Quality Control Act, Water Code section 13000 et seq., all as amended from time to time; (iii) daughter or breakdown products of TCE; and, (iv) any additional substance, material or waste (a) the presence and concentration within, about, at, below or from the RABSP that (i) requires reporting, investigation or remediation under any environmental laws, (ii) causes or threatens to cause a nuisance and poses or threatens to pose a hazard to the health or safety, or (iii) which, if emanated or migrated within, about, at below at or from the RABSP, would constitute a trespass, or (b) which is determined by any governmental authority with jurisdiction thereof to pose a present or potential hazard to human health or the environment.

C. Effective Date. The term “Effective Date” shall mean the date this Administrative Settlement Agreement is fully executed by all Parties and the Consent Decree is entered.

D. Future Response Costs. The term “Future Response Costs” shall mean all costs that the Santa Ana Regional Board incurs in connection with the RABSP after the Effective Date.

E. Non-Rainy Season. The term “Non-Rainy Season” means April through October of any given year.

F. Past Response Costs. The term “Past Response Costs” shall mean all costs that the Santa Ana Regional Board incurred in connection with the RABSP before the Effective Date.

G. Porter-Cologne Water Quality Control Act. The term “Porter-Cologne Water Quality Control Act” means the state statutes comprising the Act (Water Code, section 13000 et seq.) and subordinate state laws, including regulations, water quality policies, and administrative orders.

H. PSI Site. The term “PSI Site” shall mean an approximately 25-acre portion of the Northern part of the 160-Acre Area, located at 3196 North Locust Drive, Rialto, California, and shown as the PSI Site in Attachment 3.

I. “RABSP” shall mean the former Rialto Ammunition Backup Storage Point, located in San Bernardino, California, and all areas where Contamination originating at the RABSP has or will come to be located. The RABSP includes, but is not limited to, the Stonehurst Property and 160-Acre Area.

J. Related Parties. The term “Related Parties” means the past and present directors, officers, trustees, and managing agents of the Settling Parties, as well as the Settling Parties’ heirs, successors, assigns, and agents.

K. Response Action(s). The term “Response Action(s)” shall have the same meaning given that term by CERCLA and case law interpreting such and shall also have the same meaning as “cleanup, abatement, and remedial work” in Water Code section 13304, including actions to require that work to be undertaken.

L. Settling Parties. The term “Settling Parties” shall mean: (i) PSI; (ii) Astro; (iii) Peters; (iv) Peters Trust; (v) SLLC; and, (vi) Trojan.

M. Stonehurst Cap. The term “Stonehurst Cap” shall mean a basic asphalt cap with the general specifications set forth on Attachment 4, or its functional equivalent, on the Stonehurst Property to reduce the risk of human contact with the subsurface soils and to substantially prevent water infiltration through the near surface soils that might mobilize existing perchlorate in those soils down toward the groundwater (currently at over 400 feet bgs).

N. Stonehurst Land Use Covenant. The term “Stonehurst Land Use Covenant” shall mean a land use covenant imposing environmental restrictions on the Stonehurst Property, approved by the Santa Ana Regional Board, in a form substantially similar to that attached as Attachment 5 hereto, to be recorded by SLLC, or an authorized escrow officer upon instructions at least in part from SLLC, against title for the Stonehurst Property pursuant to California Water Code section 13307.1(c) and California Civil Code section 1471.

O. Stonehurst Property. The term “Stonehurst Property” shall mean the 5.03-acre property located at APNs 1133-07-105, 1133-07-106, and 1133-07-107, commonly known as 2298 West Stonehurst Drive, Rialto, California, and shown as the “Stonehurst Property” in Attachment 3 hereto.

P. 160-Acre Area. The term “160-Acre Area” means the approximately 160-acre area bounded approximately by Casa Grande Park Avenue on the north, Locust Avenue on the east, the extension of Alder Avenue on the west, and the extension of Summit Avenue on the south, in the City of Rialto, San Bernardino County, California. The approximate geographic area of the 160-Acre Area is shown on Attachment 3 hereto.

14. **Installation of Stonehurst Cap.**

In consideration of the covenants and other provisions of this Administrative Settlement Agreement, as well as those in the Consent Decree:

A. PSI, Peters, Peters Trust, and SLLC shall install the Stonehurst Cap. Specific terms for how these parties as between them will pay for the Stonehurst Cap are set forth in a separate confidential agreement between them.

B. SLLC as the current owner of the Stonehurst Property, and then all subsequent owners of the Stonehurst Property, shall have certain obligations to maintain the Stonehurst Cap, all as described in detail in the Stonehurst Land Use Covenant. The Parties acknowledge and agree that PSI, Astro, Trojan, Peters, and Peters Trust do not have any obligation to maintain the Stonehurst Cap, except to the extent they become a subsequent owner of the Stonehurst Property.

C. The Parties agree that on-site work for the installation of the Stonehurst Cap shall commence during the first Non-Rainy Season after the Effective Date. If the Effective Date is after commencement of a Non-Rainy Season, then it shall be at the sole discretion of the professionals retained by PSI, Peters, Peters Trust, and/or SLLC to determine if it is feasible and commercially reasonable to commence installing the Stonehurst Cap that same Non-Rainy Season. If not feasible and commercially reasonable, then on-site work for the installation of the Stonehurst Cap shall commence in April of the next Non-Rainy Season.

D. Within ten (10) business days after the entry of the Consent Decree by the United States District Court, Central District of California, SLLC, or an authorized escrow

officer upon instructions at least in part from SSSLC, shall submit for recording the Stonehurst Property Land Use Covenant.

15. **Force Majeure.**

A. An uncontrollable force (*force majeure*) is any occurrence beyond the control of the involved Settling Party which causes the involved Settling Party to be unable to perform its obligations hereunder and the involved Settling Party has been unable to overcome by the exercise of due diligence, including but not limited to flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor dispute, action or inaction of legislative bodies, judicial bodies, or regulatory agencies, or other proper authority, which may conflict with the terms of this Administrative Settlement Agreement, or failure, threat of failure or sabotage of facilities which have been maintained in accordance with good engineering and operating practices in California.

B. The involved Settling Party shall not be considered to be in default in the performance of any of the provisions contained in this Administrative Settlement Agreement when and to the extent failure of performance shall be caused by an uncontrollable force.

C. If, because of an uncontrollable force, the involved Settling Party is rendered wholly or partly unable to perform its obligations under this Administrative Settlement Agreement, the involved Settling Party shall be excused from whatever performance is affected by the uncontrollable force to the extent so affected provided that: (i) the involved Settling Party within two weeks after the occurrence of the uncontrollable force, gives the Santa Ana Regional Board written notice describing the particulars of the occurrence; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the uncontrollable force; (iii) the involved Settling Party uses reasonable efforts to remedy its inability to perform (this subsection shall not require the settlement of any strike, walkout, lockout, other labor dispute or any other dispute on terms which, in the sole judgment of the involved Settling Party, are contrary to its interest, it being understood that the settlement of any disputes shall be at the sole discretion of the involved Settling Party); and, (iv) when the involved Settling Party is able to resume performance of its obligations under this Administrative Settlement Agreement, the involved Settling Party shall give the Santa Ana Regional Board written notice to that effect.

D. If the involved Settling Party's ability to perform cannot be corrected when the uncontrollable force is caused by the actions or inactions of legislative bodies, judicial bodies, or regulatory agencies or other proper authority, this Administrative Settlement Agreement may be amended to comply or conform with the legal or regulatory change which caused the nonperformance if the Parties are able to agree or otherwise resolve the same by Dispute Resolution.

16. **Payment to the Santa Ana Regional Board.**

A. In exchange for the consideration described in this Administrative Settlement Agreement, the Settling Parties shall pay three hundred thirty seven thousand dollars (\$337,000) to the Santa Ana Regional Board ("Santa Ana Regional Board Payment"). The payment is not a joint and several obligation of the Settling Parties. Specific terms for how Settling Parties as between them will make this payment are set forth in a separate confidential agreement between Settling Parties.

B. No later than fifteen (15) business days after the Effective Date, the Settling Parties, or an authorized escrow officer with instructions at least in part from the Settling Parties, shall cause the Santa Ana Regional Board Payment to be delivered to the State Water Board. The Santa Ana Regional Board Payment shall be made payable to the "State Water Resources Control Board." If the Consent Decree becomes suspended, voided, or invalidated in any material respect as a result of an appeal, the Santa Ana Regional Board Payment, with interest thereon, shall be promptly returned to the Settling Parties.

C. The Santa Ana Regional Board Payment is part of the total amount of six million dollars (\$6,000,000) agreed to be paid by the Settling Parties pursuant to the terms of this Administrative Settlement Agreement and the Consent Decree.

17. **Matters Addressed.**

A. The "Matters Addressed" in this Administrative Settlement Agreement include: (1) all claims, demands and directives for investigation or remediation against Settling Parties arising out of or related to the RABSP and/or the Orders; (2) all claims for Past Response Costs and Future Response Costs, including but not limited to past and future oversight and enforcement costs, against Settling Parties arising out of or related to the RABSP and/or the Orders; and, (3) Past Response Costs and Future Response Costs, including but not limited to

past and future oversight and enforcement costs, against Settling Parties incurred pursuant to this Administrative Settlement Agreement.

B. “Matters Addressed” do not include those claims reserved by the Santa Ana Regional Board in Section 21(A) through (D), below.

C. Nothing in this Section shall limit the Santa Ana Regional Board’s rights against any third person or entity that is not a party to this Administrative Settlement Agreement, including, without limitation, the Santa Ana Regional Board’s right to enforce a cleanup of the RABSP, to enforce cleanup and abatement order R8-2004-0042 against Whittaker Corporation or to recover any Past Response Costs or Future Response Costs from non-settling parties.

D. Nothing in this Administrative Settlement Agreement provides a contribution bar under CERCLA or otherwise to Settling Parties. In addition, Settling Parties do not intend and agree that they will not seek a contribution bar under CERCLA or otherwise based on this Administrative Settlement Agreement.

18. **Covenant Not to Sue by the Water Boards.**

A. In consideration for the construction and maintenance of the Stonehurst Cap, the Santa Ana Regional Board Payment and the other payments that will be made by Settling Parties pursuant to the terms in the Consent Decree, and subject to “Water Board’s Reservation of Rights” and “Further Actions Necessary to Protect Public” provisions of this Administrative Settlement Agreement, the Water Boards covenant not to sue or take administrative action against the Settling Parties and Related Parties for the Matters Addressed, including but not limited to claims pursuant to CERCLA, RCRA, the HSAA, the Porter-Cologne Water Quality Control Act, and common law. These covenants not to sue shall take effect upon the Effective Date of this Administrative Settlement Agreement. These covenants not to sue extend only to the Settling Parties and Related Parties, and do not extend to any other person or entity.

B. The Santa Ana Regional Board hereby irrevocably withdraws the Orders as to Settling Parties.

C. The Water Boards hereby waive the right to pursue the Settling Parties for any Past Response Costs and Future Response Costs, including but not limited to past and future oversight costs, related to the Contamination in the Rialto/Colton Groundwater Basin incurred by the Water Boards.

D. The Water Boards agree that they shall not re-commence or transfer to another agency any enforcement action whatsoever against the Settling Parties related to the Matters Addressed.

19. **Covenant Not to Sue by the Settling Parties.**

A. The Settling Parties hereby covenant not to sue and agree not to assert any claims or causes of action against the Santa Ana Regional Board, the State Water Board, the State of California, or its officers and employees, regarding any matter relating to this Administrative Settlement Agreement (except for breach), or with respect to any regulatory action taken by the Santa Ana Regional Board or the State Water Board involving the RABSP prior to the execution of the Administrative Settlement Agreement, including, but not limited to: (i) any direct or indirect claim for reimbursement from the California Hazardous Substance Account; and, (ii) any claims against the State under section 107(a) of CERCLA, 42 U.S.C. section 9607, sections 25355.5, 25358.3, and 25360 of the California Health and Safety Code, or section 13304 of the Water Code.

B. Within five (5) business days of the Effective Date, PSI will dismiss, with prejudice, all pending claims and causes of action against the Santa Ana Regional Board and the State of California in *City of Colton v. APE, et al.*, Case No. BC 376008.

C. These covenants not to sue shall not apply in the event that the Santa Ana Regional Board brings a cause of action or issues an order pursuant to the reservations set forth in the “Water Boards’ Reservation of Rights” and “Further Actions Necessary to Protect Public” provisions of this Administrative Settlement Agreement, but only to the extent that the Settling Parties’ claims arise from the same Response Action, response costs, or damages that either the Santa Ana Regional Board or State Water Board is seeking pursuant to the applicable reservation.

20. **Releases of Matters Addressed.**

Subject to the reservations contained in Section 21(A) through (D), the Santa Ana Regional Board hereby releases any claims or causes of action against the Settling Parties and Related Parties, with respect to each of the Matters Addressed.

With respect to the releases contained in this Section, the Santa Ana Regional Board expressly waives any rights or benefits available under California Civil Code section 1542, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

21. **Water Boards’ Reservation of Rights.**

The Covenant Not to Sue and Releases set forth in Sections 18 and 20, above, do not pertain to any matters other than those set forth in Sections 18 and 20, above. The Water Boards reserve and this Administrative Settlement Agreement is without prejudice to, all rights against the Settling Parties with respect to all other matters, including but not limited to, the following:

A. Claims or causes of actions based on newly discovered hazardous substances or waste, at the Stonehurst Property or the PSI Site, not previously identified in site investigation data or reports provided to or issued by the Santa Ana Regional Board, the State Water Board, the U.S. EPA, or produced in the Lawsuits;

B. Criminal liability;

C. Liability not covered by this Administrative Settlement Agreement arising from past, present or future ownership, operation, disposal, release, or threat of release of hazardous substances, pollutants, or contaminants, at sites other than the RABSP;

D. Any liability for activities the Settling Parties engage in at the RABSP that constitute violations of federal or state law and which first commence after the Effective Date of the Administrative Settlement Agreement. Migration of existing contamination in the environment is not a release or disposal that first commenced after the Effective Date.

22. **Further Actions Necessary to Protect Public.**

Except as specifically provided in this Administrative Settlement Agreement, nothing in this Administrative Settlement Agreement shall limit the power and authority of the Santa Ana Regional Board, the State Water Board, or of any other California agency to take, direct, or order all actions necessary to protect public health, welfare, or the environment or to prevent, cleanup, abate, remediate or minimize an actual or threatened release or discharge of hazardous substances, pollutants, or contaminants, hazardous or solid waste, or waste on, at, or from the RABSP. Further, nothing herein shall prevent the Santa Ana Regional Board or the State Water Board from seeking legal or equitable relief to enforce the terms of this Administrative Settlement Agreement.

23. **Waiver of Equitable Defenses.**

In any subsequent administrative or judicial proceeding initiated by the Santa Ana Regional Board to enforce this Administrative Settlement Agreement, the Settling Parties shall not contest their obligation to fully comply with this Administrative Settlement Agreement; provided, however, that nothing in this Paragraph affects the enforceability of the covenants not to sue set forth herein. In such proceedings, the Settling Parties may raise any defenses that are relevant to the issue of whether or not they have complied with the terms of the Administrative Settlement Agreement.

24. **Enforcement.**

The Settling Parties agree that their obligations under this Administrative Settlement Agreement shall be enforceable by the Santa Ana Regional Board or the State Water Board as an order issued pursuant to Chapter 5 of Division 7 of the Water Code (Sections 13300 *et seq.*). In any administrative or judicial proceeding to enforce the obligations under this Administrative Settlement Agreement, the Settling Parties shall be entitled to assert the procedural and substantive rights set forth in these provisions of the Water Code. Prior to initiating any administrative or judicial proceeding to enforce the Settling Parties' obligations under this Administrative Settlement Agreement, the Santa Ana Regional Board and the Settling Parties shall meet and confer for a period of up to twenty-one (21) days in a good faith effort to resolve the dispute.

25. **Termination and Satisfaction.**

Paragraphs 17, 18, 19, 20, 21, 22, 23, and 24 and such other continuing rights and obligations of the Parties under this Administrative Settlement Agreement shall not terminate.

26. **Government Liabilities.**

The State of California shall not be liable for any injuries or damages to persons or property resulting from acts or omissions by the Settling Parties or their agents in carrying out activities pursuant to this Administrative Settlement Agreement, nor shall the State of California be held as party to any contract entered into by the Settling Parties or their agents in carrying out activities pursuant to this Administrative Settlement Agreement.

27. **Assistance with Riverside.**

The Santa Ana Regional Board agrees to provide reasonable assistance, including participation at a meeting with the City of Riverside, to explain its view of whether there is any

connection between the plume(s) emanating from the RABSP and the City of Riverside's groundwater production wells that the City of Riverside claims are contaminated with perchlorate released from the RABSP. This provision does not require the Santa Ana Regional Board to provide declarations or other sworn statements.

28. **General Provisions.**

A. Full Authority. Each Party represents and warrants that it/he/she has the right, power, and authority to execute this Administrative Settlement Agreement, that all approvals on its part have been obtained to fully authorize and bind said Party under this Administrative Settlement Agreement, and further represents and warrants that it/he/she has the exclusive right to prosecute, compromise, and agree to the matters set forth herein, and that it has not sold, assigned, conveyed, or otherwise transferred such right.

B. Further Assurances; Covenant to Sign Documents. Each Party shall take all actions and do all things, and execute, with acknowledgement or affidavit, if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this Administrative Settlement Agreement.

C. Statement of Compliance. Within thirty (30) days following any written request by a Party, the other Parties shall execute and deliver a statement certifying that this Administrative Settlement Agreement is unmodified and in full force and effect or, if there have been modifications hereto, that this Administrative Settlement Agreement is in full force and effect as modified, that there are no current uncured defaults under this Administrative Settlement Agreement, and any other information reasonably requested.

D. No Agency. It is expressly agreed that, in carrying out this Administrative Settlement Agreement, no relationship of principal and agent shall ever exist between the Parties hereto.

E. Entire Agreement. This Administrative Settlement Agreement, along with the Consent Decree, and as to SLLC the Stonehurst Land Use Covenant, set forth and contain the entire understanding and agreement of the Parties, and there are no oral or written representations, understandings, or ancillary covenants, undertakings or agreements that are not contained or expressly referred to therein. No testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Administrative Settlement Agreement. To

the extent this Administrative Settlement Agreement conflicts with any prior agreements between the Parties hereto, this Administrative Settlement Agreement shall control.

F. Construction of Agreement. This Administrative Settlement Agreement is the product of arms-length negotiations between the Parties and their respective attorneys. Each of the Parties hereto expressly acknowledges and agrees that this Administrative Settlement Agreement shall be deemed to have been mutually prepared so that the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Administrative Settlement Agreement. The paragraph and section headings used in this Administrative Settlement Agreement are for reference only and shall not affect the construction of this Administrative Settlement Agreement.

G. Representations as to Negotiation Process. The Parties hereto represent to each other that each Party has been represented by counsel with respect to this Administrative Settlement Agreement and all matters covered by and relating to it, that they have been fully advised by such counsel with respect to their rights and with respect to the execution of this Administrative Settlement Agreement. The Parties further represent that each party has entered into this Administrative Settlement Agreement of his, her, or its free will and independent action without undue pressure, coercion or influence of any sort.

H. Notices. All notices called for pursuant to this Administrative Settlement Agreement shall be given in writing by personal delivery, or recognized overnight delivery service which obtains the signature of the addressee or its agent as evidence of delivery, or confirmed electronic transmission or telecopy/facsimile. All such notices or communications shall be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees listed below; or (ii) the date of delivery by recognized overnight delivery services; and/or (iii) upon receipt by the sender of electronic confirmation of delivery of such notices or communications sent by telecopy/facsimile. A Party may change its address by giving written notice thereof to the other in accordance with the provisions of this section.

PSI and Astro:
Gary Brown
General Counsel
Pyro Spectaculars, Inc.
P.O. Box 2329
Rialto, California 92377
Phone: (909) 874-1644

Facsimile: (909) 335-0742
gbrown@pyrospectaculars.com

-and-

Brian L. Zagon
Hunsucker Goodstein PC
3717 Mt. Diablo Boulevard, Suite 200
Lafayette, California 94549
Phone: (925) 284-0840
Facsimile: (925) 284-0870
bzagon@hgnlaw.com

Peters, Peters Trust, and SLLC:

Mr. Thomas O. Peters
555 North Gilbert St.
Fullerton, CA 92833

-and-

John E. Van Vlear
Voss, Cook & Thel LLP
895 Dove Street, Suite 450
Newport Beach, CA 92660
Phone: (949) 435-0225
Facsimile: (949) 435-0226
vv@vctlaw.com

Trojan:

Steven J. Renshaw
Renshaw & Associates, A Professional Law Corporation
5700 Ralston St.
Ventura, CA 93003
Phone: (805) 289-9447
Facsimile: (805) 289-9402
srenshaw@renshawlegal.com

Santa Ana Regional Board:

Santa Ana Regional Water Quality Control Board
3737 Main Street, Suite 500
Riverside, CA 92501-3348
ATTN: Executive Officer

With A Copy To:
State Water Resources Control Board
Office of Chief Counsel

1001 I Street, 22nd Floor [95814]
PO Box 100 Sacramento, CA 95812-0100
ATTN: Santa Ana Regional Board Counsel

I. Representations As To Due Execution. The Parties represent and warrant to each other that this Administrative Settlement Agreement has been duly executed and appropriately authorized by all required governmental and other authorizations.

J. Severability. It is agreed that if any terms, covenants, or provisions of this Administrative Settlement Agreement shall be illegal or unenforceable, such illegality or unenforceability shall not invalidate the entire Administrative Settlement Agreement, but this Administrative Settlement Agreement shall be construed as if the provision containing the illegal or unenforceable part were not a part hereof.

K. Continuing Effect. This Administrative Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective Related Parties.

L. Choice of Law. This Administrative Settlement Agreement shall be interpreted in accordance with and governed in all respects by the laws of the State of California, without regard to any conflict of laws provisions.

M. Amendment. This Administrative Settlement Agreement may only be amended by a written document executed by all Parties hereto specifically referencing this Administrative Settlement Agreement, and the Attachments may be amended by the signatories to those Attachments, as applicable.

N. Counterparts. This Administrative Settlement Agreement may be executed in any number of counterparts.

IN WITNESS WHEREOF, the Parties hereto have caused this Administrative Settlement Agreement to be executed by their respective officers and attorneys on the dates set forth below, and this Administrative Settlement Agreement is effective as of the latest date signed.

SANTA ANA REGIONAL WATER QUALITY CONTROL BOARD

By: K.V. Bittl
Name (printed): Kurt V. Berchtold
Title: Executive Officer
Date: Oct. 10, 2012

STATE WATER RESOURCES CONTROL BOARD

By: _____
Name (printed): _____
Title: _____
Date: _____

PYRO SPECTACULARS, INC.

By: _____
Name (printed): _____
Title: _____
Date: _____, 2012

ASTRO PYROTECHNICS, INC.

By: _____
Name (printed): _____
Title: _____
Date: _____, 2012

THOMAS O. PETERS

Date: _____, 2012

SANTA ANA REGIONAL WATER QUALITY CONTROL BOARD

By: _____
Name (printed): _____
Title: _____
Date: _____, 2012

STATE WATER RESOURCES CONTROL BOARD

By: Jonathan Bishop
Name (printed): JONATHAN BISHOP
Title: Chief Deputy Director
Date: 1/17/13

PYRO SPECTACULARS, INC.

By: _____
Name (printed): _____
Title: _____
Date: _____, 2012

ASTRO PYROTECHNICS, INC.

By: _____
Name (printed): _____
Title: _____
Date: _____, 2012

THOMAS O. PETERS

Date: _____, 2012

SANTA ANA REGIONAL WATER QUALITY CONTROL BOARD

By: _____

Name (printed): _____

Title: _____

Date: _____, 2012

STATE WATER RESOURCES CONTROL BOARD

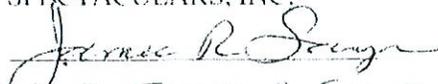
By: _____

Name (printed): _____

Title: _____

Date: _____

PYRO SPECTACULARS, INC.

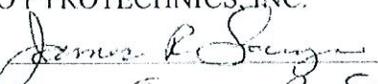
By: 

Name (printed): JAMES R. SOUZA

Title: President

Date: 10-8, 2012

ASTRO PYROTECHNICS, INC.

By: 

Name (printed): JAMES R. SOUZA

Title: President of Pyro Spectaculars, Inc. on behalf of ASTRO Pyro, Inc.

Date: 10-8, 2012

THOMAS O. PETERS



Date: 10-11, 2012

1996 THOMAS O. PETERS AND KATHLEEN S. PETERS REVOCABLE TRUST

By: Thomas O. Peters
Name (printed): THOMAS O. PETERS
Title: TRUSTEE
Date: 10-11, 2012

STONEHURST SITE, LLC

By: Thomas O. Peters
Name (printed): THOMAS O. PETERS
Title: MANAGING MEMBER
Date: 10-11, 2012

TROJAN FIREWORKS COMPANY

By: _____
Name (printed): _____
Title: _____
Date: _____, 2012

1996 THOMAS O. PETERS AND KATHLEEN S. PETERS REVOCABLE TRUST

By: _____
Name (printed): _____
Title: _____
Date: _____, 2012

STONEHURST SITE, LLC

By: _____
Name (printed): _____
Title: _____
Date: _____, 2012

TROJAN FIREWORKS COMPANY

By: 
Name (printed): Steven J. Renshaw
Title: Attorney
Date: 10/10/, 2012

ADMINISTRATIVE SETTLEMENT AGREEMENT

ATTACHMENT 1

ATTACHMENT 1-LIST OF LAWSUITS

Filed in the United States District Court, Central District of California:

- *City of Colton v. American Promotional Events, Inc., et al.*, Case No. CV 09-01864 PSG (SSx);
- *Goodrich Corporation v. Chung Ming Wong, et al.*, Case No. CV 09-6630 PSG (SSx);
- *County of San Bernardino, et al., v. Tung Chun Co., et al.*, Case No. CV 09-06632 PSG (SSx);
- *City of Rialto and Rialto Utility Authority v. United States Department of Defense, et al.*, Case No. CV 09-7501 PSG (SSx);
- *Emhart Industries, Inc. v. American Promotional Events, Inc.-West, et al.*, Case No. CV 09-07508 PSG (SSx);
- *United States of America v. Goodrich Corporation, et al.*, Case No. 10-00824 PSG (SSx); and,
- *City of Colton v. American Promotional Events, Inc., et al.*, Case No. CV 05-01479 PSG (SSx).

Filed in the Superior Court of California, in and for the County of Los Angeles:

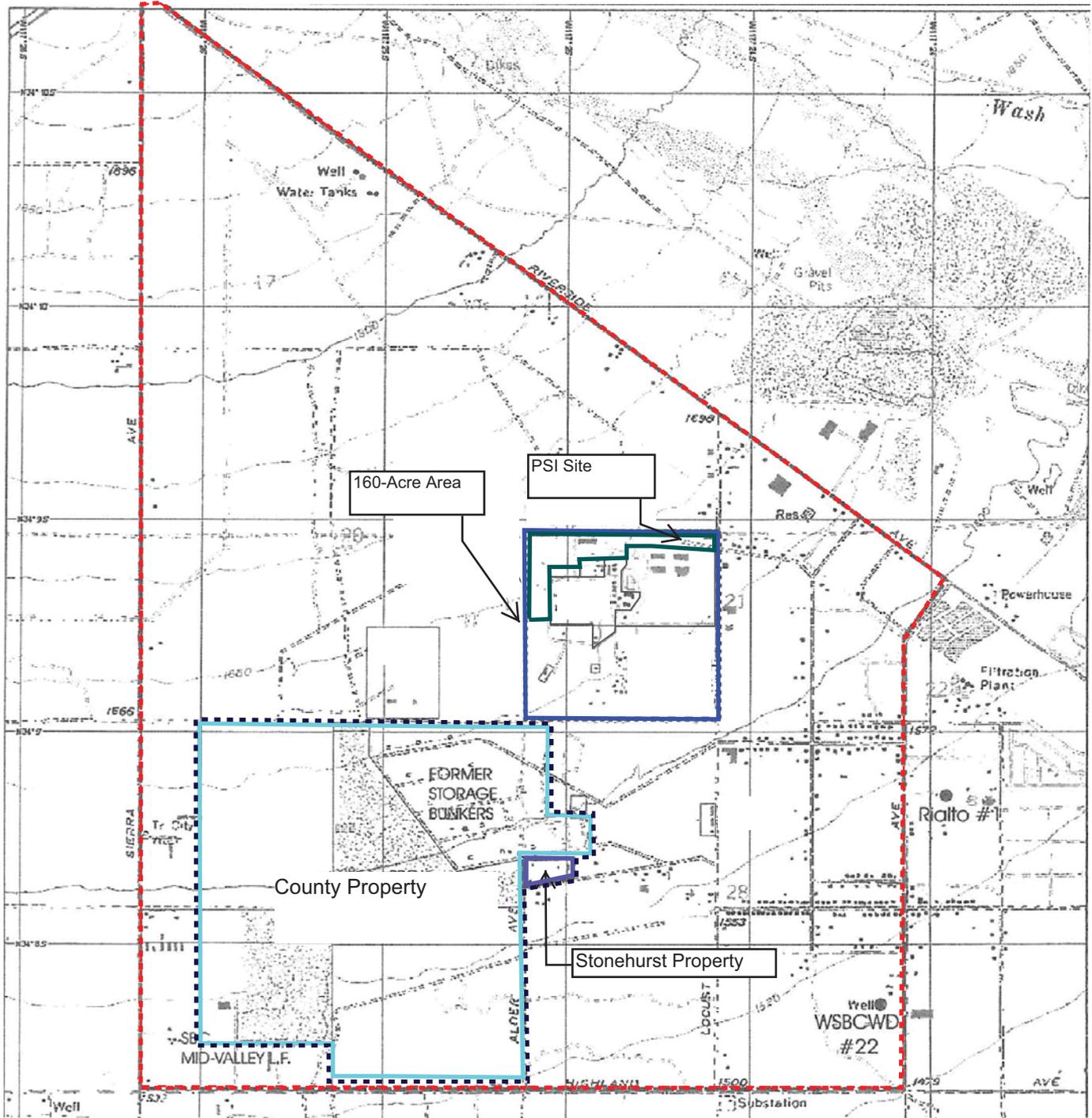
- *City of Colton v. APE, et al.*, Case No. BC 376008

ADMINISTRATIVE SETTLEMENT AGREEMENT

ATTACHMENT 2

ADMINISTRATIVE SETTLEMENT AGREEMENT

ATTACHMENT 3



LEGEND

- West Side Area
- - - - - Rialto Ammunition Backup Storage Point ("RABSP")



NOT TO SCALE

ADMINISTRATIVE SETTLEMENT AGREEMENT

ATTACHMENT 4

**Stonehurst Site
Rialto, California
Site Restoration Cost Estimate
2011**

Scope of Work Task Number	Scope of Work Task Description	Contractor/ Company	Cost	Notes
1	Asbestos, Lead and Hazmat Survey	National Econ Corporation	\$ 4,500.00	Task Completed May 2008
2	Asbestos Abatement, Misc. Hazardous Materials Removal, Building Demolition	Full Scale Demolition, Inc.	\$ 115,000.00	
3	Grading Plan and Stormwater Pollution Prevention Plan (SWPPP)	Associated Engineers (PB Americas, Inc.) -AE/PB	\$ 27,000.00	City of Rialto and RWQCB Requirement
4	Construction Environmental Contingency Plan	The Brownfield Redevelopment Group Co. (TBRG)	\$ 7,500.00	Health and Safety Liability Protection
5	Site/Project Health and Safety Plan	TBRG	\$ 1,500.00	Federal and State Requirement
6	Fugitive Dust Control Plan	TBRG	\$ 3,500.00	AQMD and City of Rialto Requirement
7	Third Party Air Monitoring (includes Air and Meteorological Monitoring (during asbestos, abatement, demolition and site grading)	National Econ Corporation	\$ 27,000.00	AQMD Requirement
8	Traffic Control Plan	TBRG	\$ 15,000.00	City of Rialto Requirement
9	Site Grading (pulverizing existing asphalt)	Full Scale Demolition, Inc.	\$ 83,000.00	Includes Rock Berm Removal
10	Crushed Base Material	Full Scale Demolition, Inc.	\$ 96,000.00	4-inches using Site Base Material
11	Asphalt Paving (approximately 5 acres)	Full Scale Demolition, Inc.	\$ 325,000.00	3-inches
12	Construction Management	TBRG and AE/PB	\$ 10,000.00	
		Estimated Cost	\$ 715,000.00	
		Contingency (15%)	\$ 107,250.00	
		Total	\$ 822,250.00	

Cost Per Unit Basis (Without Contingency)	
Cost - per Acre Basis	\$ 143,000.00 per acre
Cost - per Square Foot Basis	\$ 3.28 per square foot

ADMINISTRATIVE SETTLEMENT AGREEMENT

ATTACHMENT 5

RECORDING REQUESTED BY:
Stonehurst Site, LLC

WHEN RECORDED MAIL TO:

John Van Vlear, Esq.
Daniel S. Kippen, Esq.
Voss, Cook & Theil LLP
895 Dove Street #450
Newport Beach, CA 92660



SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

**COVENANT TO INSTALL AND MAINTAIN CAP
AND RESTRICT USE OF PROPERTY**

ENVIRONMENTAL RESTRICTION

(Re: APNs 1133-07-105, 1133-07-106, and 1133-07-107,
City of Rialto, San Bernardino County, California)

This Covenant and Agreement ("Covenant") is made by and between Stonehurst Site, LLC ("Covenantor") as the current owner of the overall 5.03 acre property located at APNs 1133-07-105, 1133-07-106, and 1133-07-107, commonly known as 2298 West Stonehurst Drive in the City of Rialto, County of San Bernardino, State of California, described in Exhibit "A" (Legal Description and Map) attached hereto and incorporated herein by this reference ("Property"), on the one hand, and the California Regional Water Quality Control Board, Santa Ana Region ("RWQCB"), on the other hand. The County of San Bernardino ("County") and the City of Rialto ("Rialto") are also parties hereto, to the extent of limited and specific enumerated rights granted to those entities herein.

The RWQCB has determined that this Covenant is reasonably necessary to protect present and future human health and safety and the environment as a result of the presence on the land of perchlorate, which the RWQCB believes is a hazardous

material as defined in the California Health and Safety Code ("H&SC"). The RWQCB enters into this covenant pursuant to Water Code section 13307.1(c) and California Civil Code section 1471. The Covenantor and the RWQCB are collectively referred to as the "Parties."

ARTICLE I
STATEMENT OF FACTS

1.01. The entire Property is subject to this Covenant and is depicted in Exhibit "A" hereto.

1.02. Starting in 1966, a portion of the Property, APN 1133-07-105 ("Lot 5"), was used for the manufacturing of flares and explosive devices. Starting in 1971, operations expanded to APN 1133-07-106 ("Lot 6"). In 1972, the operations changed and fireworks manufacturing commenced on both Lots 5 and 6. In 1974, fireworks manufacturing commenced on APN 1133-07-107 ("Lot 7"). The RWQCB has alleged that one or more of the above operations caused perchlorate to be released to the subsurface soils at the Property. One or more of the Property's current and/or prior owners and/or operators dispute the RWQCB's allegation. The Property is currently vacant.

1.03 Perchlorate, when found in compounds such as potassium perchlorate and ammonium perchlorate, is an oxidizer commonly used in flares, explosives, and pyrotechnics (aka fireworks). In 1997 perchlorate was detected in groundwater near the Property. In 2003, Property samples taken at the direction of the RWQCB revealed the presence of perchlorate in the subsurface soils. Subsequent testing at the Property showed that perchlorate in the Property soils extends to a depth of at least 50 feet below ground surface ("bgs"). One surface sample detected perchlorate of up to 55 mg/kg. The RWQCB believes that perchlorate is defined as a "hazardous substance" in H&SC section 25316 and as a "hazardous material" in H&SC section 25260.

1.04 Covenantor has agreed with the RWQCB to install a basic asphalt cap or functional equivalent ("Cap") on the Property to reduce the risk of human contact with the subsurface soils at the Property and to substantially prevent water infiltration through the near surface soils at the Property that might mobilize existing perchlorate in those soils down toward the groundwater (currently at over 400 feet bgs). The proposed design, installation, and plan for maintenance of the Cap are each subject to the written approval of the RWQCB, which approval shall not be unreasonably withheld. Through this Covenant, the Parties intend that Covenantor will be responsible for designing, installing and maintaining the Cap so long as Covenantor owns the Property, and any future Property Owners and Occupants (defined below) will be responsible for any remaining Cap design or installation work and for maintaining the Cap in perpetuity unless a variance is granted or the Covenant is terminated pursuant to Article V.

1.05. The RWQCB hereby concludes that the Property is not suitable for unrestricted use and, specifically, that there is an unacceptable risk if the Property is used in the future as a residence, hospital, school for persons under the age of 21, or day care center. However, the RWQCB has also concluded that so long as the Cap is designed, installed, and maintained as approved by the RWQCB under Section 1.04, and so long as the protective covenants, restrictions, and conditions (collectively referred to as "Restrictions") set forth herein are imposed and enforced, there are no unacceptable threats to human health or the environment caused by the perchlorate in the subsurface soils at the Property.

1.06. Certain of these Restrictions are necessary to assure the protectiveness of, and prevent damage to or interference with, the Cap. The Covenantor, so long as it owns the Property, and Owners and Occupants, shall ensure the Restrictions and other approved maintenance measures are being followed, including, but not limited to, preventing significant ponding of water or other liquids on the Cap, or significant cracks in the Cap, or any other activities at the Property that might adversely impact the effectiveness of the Cap.

ARTICLE II
GENERAL PROVISIONS

2.01. Restrictions to Run with the Land. This Covenant sets forth protective Restrictions subject to which the Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. Each and every Restriction: (a) runs with the land pursuant to Water Code section 13307.1(c) and Civil Code section 1471; (b) inures to the benefit of and passes with each and every portion of the Property, (c) is for the benefit of, and is enforceable primarily by the RWQCB and any successor agency thereto, and secondarily by the County and Rialto and (d) is imposed upon the entire Property, unless expressly stated as applicable only to a specific portion thereof.

2.02. Binding upon Owners/Occupants. Pursuant to Water Code section 13307.1(c) and Civil Code section 1471, this Covenant binds owners of the Property, their heirs, successors, assignees, agents, and employees, and/or anyone who at any time holds title to all or any portion of the Property (collectively "Owner(s)") and/or any person or entity entitled by ownership, leasehold, or other legal relationship to the right to occupy any portion of the Property (collectively "Occupant(s)"). Pursuant to Civil Code section 1471(b), each successive Owner and Occupant of the Property is expressly bound hereby for the benefit of the RWQCB, the County, and Rialto.

2.03. Written Notice of the Presence of Perchlorate. Prior to the sale, lease or sublease of the Property, or any portion thereof, the Owner, lessor, or sublessor shall give the buyer, lessee, or sublessee notice that perchlorate, which the RWQCB believes to be a hazardous substance, is located on or beneath the Property, as required by H&SC section 25359.7.

2.04. Incorporation into Deeds and Leases. The Restrictions set forth herein shall be incorporated by reference in each and all deeds and leases for any portion of the Property.

2.05. Conveyance of the Property. The Owner shall provide notice to the RWQCB and to the County and Rialto not later than thirty (30) days after any conveyance of any ownership interest in the Property (excluding mortgages, liens, and other non-possessory encumbrances). Neither the RWQCB, the County, nor Rialto shall, by reason of this Covenant, have authority to approve, disapprove, or otherwise affect a proposed conveyance, but shall have such rights, if any, as may otherwise be provided by law with respect to any such conveyance.

2.06. Duration of this Covenant. The terms of this Covenant run with the land and will continue in perpetuity unless a variance is granted or the Covenant is terminated pursuant to Article V.

2.07. Condition Precedent. The RWQCB has reviewed and approved the Cap design.

ARTICLE III

AFFIRMATIVE OBLIGATIONS AND RESTRICTIONS

3.01. Design and Installation of Cap. Covenantor, as the current owner of the Property, and if there is a transfer of ownership of the Property the then future Owner(s) of the Property, shall be responsible for any remaining design and installation work for the Cap on the Property. The proposed design shall be submitted to the RWQCB for prior written approval, which approval shall not be unreasonably withheld..

3.02. Obligation to Maintain Effectiveness of Cap. Covenantor, so long as it owns the Property, and each and every subsequent Owner and Occupant of the Property, shall maintain the Cap in accordance with the maintenance plan approved by the RWQCB, as well as any reasonable modifications to that plan required or authorized by the RWQCB.

3.03. Prohibited Uses. The Property shall *not* be used for any of the following

purposes:

- (a) A residence, including any mobile home or factory built housing, constructed or installed for use as residential human habitation;
- (b) A hospital for humans;
- (c) A public or private school for persons under 21 years of age;
or
- (d) A day care center for children.

3.04. Prohibited Activities. The following activities shall *not* be conducted on the Property after installation of the Cap:

- (a) Activities that will disturb soil below the Cap (e.g., excavation, grading, removal, trenching, filling, earth movement or mining) except as expressly authorized in writing by the RWQCB;
- (b) Installation of production wells at the Property and extraction of groundwater, except as expressly authorized in writing by the RWQCB.

3.05. Land Use. The Property may only be used for industrial, commercial, parks, parking, and/or office space. It is expressly recognized by RWQCB herein that an Owner or Occupant may wish to place structure(s) on the Property. This is acceptable, so long as:

- (a) The foundation of such structure serves as a functional equivalent of the Cap, proving equal or better in reducing the risk of human contact with the subsurface soils at the Property and substantially preventing water infiltration through the near surface soils at the Property that might allow existing perchlorate in those soils to pose a threat to the groundwater;
- (b) Construction workers are provided a copy of this Covenant and utilize appropriate measures to protect themselves against unnecessary contact with subsurface soils at the Property; and
- (c) Any soils removed from the Property are done so in compliance with all applicable laws and regulations then in effect for the handling and/or disposal of material containing perchlorate.

3.06. Access. The RWQCB and its designees primarily, and the County and Rialto and their designees secondarily, shall have reasonable right of entry and access to the Property, with prior notice to the then current Owner and any Occupant(s), for inspection, monitoring, periodic review related to the terms and Restrictions herein.

ARTICLE IV ENFORCEMENT

4.01. Primary Enforcement by RWQCB. Failure of the Covenantor, Owner or Occupant to comply with any of the terms or Restrictions herein specifically applicable to it shall be grounds for the RWQCB to require that the Covenantor, Owner, and/or Occupant, as appropriate, to: (a) modify or remove any improvements ("Improvements" herein shall mean all buildings, roads, driveways, and paved parking areas), constructed or placed upon any portion of the Property in violation hereof, and (b) perform any necessary and appropriate remedial measures related thereto. Violation of this Covenant also shall be grounds for the RWQCB to file civil or criminal actions as provided by law.

4.02. Secondary Enforcement by the County and/or Rialto. If the County and/or Rialto reasonably believes that the Covenantor, and/or an Owner or Occupant, as appropriate, has materially failed to comply with any of the terms or Restrictions in this Covenant, it shall first attempt to meet and confer in good faith with such Covenantor, Owner, or Occupant. If such meet and confer is unsuccessful, then the County or Rialto, as the case may be, shall provide notice to the RWQCB of the intent to enforce provisions of this Covenant. Thereafter, if the RWQCB doesn't promptly act to the satisfaction of the County or Rialto, as the case may be, the County or Rialto, as the case may be, may file civil proceedings to enforce the Obligations or Restrictions of this Covenant. In any such civil proceeding, the prevailing party shall be awarded its reasonable attorneys' fees and costs.

ARTICLE V
VARIANCE, TERMINATION, AND TERM

5.01. Variance. Covenantor, or any other aggrieved person, may apply to the RWQCB for a written variance from the provisions of this Covenant. If there are applicable provisions of the California Water Code then in effect governing such an application, the application shall be made pursuant thereto.

5.02. Termination. Covenantor, or any other aggrieved person, may apply to the RWQCB for a termination of the Restrictions or other terms of this Covenant as they apply to all or any portion of the Property. If there are applicable provisions of the California Water Code then in effect governing such an application, the application shall be made pursuant thereto.

5.03. Term. Unless ended or modified in accordance with the paragraphs above, by law, or by the RWQCB in the exercise of its discretion, this Covenant shall continue in effect in perpetuity.

ARTICLE VI
MISCELLANEOUS

6.01. No Dedication Intended. Nothing set forth in this Covenant shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Property or any portion thereof to the general public or anyone else for any purpose whatsoever.

6.02. References to the RWQCB. All references to the RWQCB include successor agencies/departments or other successor entity.

6.03. Recordation. Upon recordation of the Covenant, the Covenantor shall promptly provide the RWQCB, the County, and Rialto a copy of such.

6.04. Partial Invalidity. If a court of competent jurisdiction determines any portion of the Restrictions, or other term set forth herein, to be invalid for any reason, the surviving portions of this Covenant shall remain in full force and effect as if such portion found invalid had not been included herein.

6.05. Maintenance Records. For any material maintenance of the Cap done by the Covenantor, or any Owner or Occupant, such person or entity shall keep the documentation establishing the maintenance, including invoices and reports (collectively "Maintenance Records"), for a period of at least five (5) years after such maintenance, and shall make the Maintenance Records available for review and copying by the RWQCB primarily, and the County and Rialto secondarily, upon reasonable written request by such requesting entity. If the Covenantor no longer owns the Property, the RWQCB, County, and Rialto acknowledge that it is acceptable for the new Owner to stand in the shoes of Covenantor for purposes of this section. Thereby, Covenantor shall transfer to the new Owner all Maintenance Records and the new Owner shall continue to keep the Maintenance Records as required herein.

6.06 Statutory References. All statutory references include successor provisions.

IN WITNESS WHEREOF, the Parties, the County, and Rialto execute this Covenant.

Covenantor: Stonehurst Site, LLC

By: _____

Title: Thomas O. Peters, Managing Member

Date: _____, 2012

Regional Water Quality Control Board, Santa Ana Region

By: _____

Title: Kurt Berchtold, Executive Officer

Date: _____, 2012

County of San Bernardino

By: _____

Title: _____

Date: _____, 2012

City of Rialto

By: _____

Title: _____

Date: _____, 2012

NOTARIAL ACKNOWLEDGMENT

State of California)
County of _____)

On _____ before me,
_____ (here insert name and title of the officer), personally
appeared _____, who proved to me on the
basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

NOTARIAL ACKNOWLEDGMENT

State of California)
County of _____)

On _____ before me,
_____ (here insert name and title of the officer), personally
appeared _____, who proved to me on the
basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)