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VIA EMAIL

Runkle Canyon, LLC
10990 Wilshire Boulevard
Los Angeles, California 90024

Attention: Legal Department

Subject: RUNKLE CANYON DEVELOPMENT
SIMI VALLEY, CALIFORNIA
SUMMARY OF ENVIRONMENTAL DOCUMENTS CONTAINING TESTING
RESULTS FOR ARSENIC AND OTHER TITLE 22 METALS

Ladies and Gentlemen:

At your request, we are providing this summary of the environmental documents in our files that contain information on the testing of soil, surface water, and groundwater for arsenic and other Title 22 metals on the Runkle Canyon Development (the Site).

Executive Summary

The California Code of Regulations Title 22 metals list includes the following metals: antimony, arsenic, barium, beryllium, cadmium, chromium, cobalt, copper, lead, mercury, molybdenum, nickel, selenium, silver, thallium, vanadium, and zinc. This list is often referred to as the CAM-17 metals in environmental investigation reports.

We reviewed the environmental documents prepared for the Runkle Canyon property that are maintained in our files for records of soil and groundwater samples collected at the Site that have been analyzed for metals on the Title 22 list. According to the reports a total of two samples of a “white precipitate material,” 58 soil samples, one “asphaltic material” sample, ten surface water samples, and two groundwater samples collected from the Site have been analyzed for metals.

We compared the precipitate material, the asphaltic material, and the soil sample analytical results presented in the reports to the California Environmental Protection Agency (Cal-EPA) California Human Health Screening Levels (CHHSLs) for residential land use. CHHSLs are health-risk based concentrations intended to assist in the initial screening-level evaluations of environmental assessments.

Concentrations of metals exceeding CHHSLs were not reported for either of the samples of the precipitate material.

Arsenic is the only metal reported for the soil samples and asphaltic material sample at concentrations in excess of CHHSLs. The CHHSLs for arsenic, which are 0.07 milligrams per kilogram (mg/kg) for residential land use and 0.24 mg/kg for commercial/industrial land use, are less than the reporting limits used by analytical laboratories. As such, any positive confirmation of arsenic by a laboratory will be reported at a concentration that exceeds the CHHSL.

Naturally occurring (or “background”) concentrations of arsenic in California soils typically exceed CHHSLs. The following table presents results from background metal concentration studies conducted in various California locations.

Source	Background arsenic concentration (mg/kg)
Los Angeles Unified School Sites, CA (DTSC 2005)	6.0
California Sites (Bradford et al. 1996)	1-11.0
Northern California (LBNL 1995)	9.3-31.0
California Soils (Dragun & Chiasson 1991)	0.3-69
Western USA Soils (Dragun & Chiasson 1991)	<1.0-97

In cases where the measured concentrations of arsenic in soil fall within the range of naturally occurring arsenic, it is unlikely that any real reduction in risk can be realized by implementing risk-based management options, because the observed concentrations likely represent ambient conditions. Therefore concentrations of arsenic within the range of naturally occurring arsenic found in California soils are unlikely to trigger regulatory enforcement actions.

The concentrations of arsenic reported for the soil samples documented in the reports in our files at <1.0 to 7.3 milligrams per kilogram (mg/kg) fall within the range of naturally occurring arsenic found in California soils. Based on the reported historic use of the Site there does not appear to be a potential man made source of the arsenic reported in the soils. Because the reported concentrations of arsenic fall within the published ranges of naturally occurring arsenic, and the fact that a potential man made source for arsenic at the site is not apparent from the reported historical use of the property, it is our opinion that the arsenic reported in the soil is naturally occurring and does not warrant additional investigation.

Surface water and groundwater sample analysis results were compared to California Department of Health Services maximum contaminant levels (MCLs) - which are health-risk based levels acceptable in drinking water provided to consumers by water purveyors, and USEPA, Region 9, Preliminary Remediation Goals (PRGs) for tap water – which are health-risk based concentrations intended to assist in the initial screening-level evaluations of water to potentially be supplied to consumers.

Vanadium was the only metal present in the water samples at concentrations exceeding MCLs or PRGs. There is no established MCL for vanadium. Concentrations of vanadium exceeding the PRG of 0.036

milligrams per liter (mg/l) were reported for two of the surface water samples collected at the Site. However, PRGs are screening levels for use in evaluating tap water. Because the proposed development for the Site does not currently include plans to supply drinking water to the development from onsite sources it is our opinion that further evaluation with respect to the concentrations of vanadium in the surface water is unwarranted. Should plans for the development change to include use of the surface water for water supply, the Client is advised that continued monitoring for metals and treatment for vanadium may be required prior to delivery of the water to consumers.

Additionally a study, performed in part by Cal-EPA's Department of Toxic Substances Control, of background concentrations of inorganic chemicals in groundwater and soil at Air Force bases in California reports that background concentrations of vanadium in groundwater beneath 12 Air Force bases in California exceed the tap water PRG (Hunter, Davis, & Roach, 2005). The report presents the vanadium results for water samples collected from 935 wells. According to the report the 95th percentile upper confidence limit for background concentrations of vanadium in groundwater at California Air Force bases is 0.11 mg/l. While this study should not be used in lieu of site specific background concentrations it does indicate that vanadium concentrations in excess of the tap water PRG are not uncommon in California.

Document Summary

A summary of the results of the metals analysis documented in the reports in our files is provided below.

Results of Preliminary Soil Sampling at Runkle Ranch in Simi Valley, California, QST Environmental Inc., February 5, 1999

This report documents the results of analysis of a "white powdery material" for the following metals on the Title 22 list: chromium, cobalt, copper, nickel, vanadium, and zinc. None of the detected metals were reportedly present at concentrations exceeding their respective CHHSLs.

The sample was also analyzed for the following metals that are not on the Title 22 list: aluminum, calcium, iron, lead, magnesium, manganese, potassium, sodium. CHHSLs have not been established for any of these metals.

Runkle Ranch Site Investigation Vol I & II, Foster Wheeler, October 1999

This report presents the results of a sampling program that was conducted to evaluate the nature of the processed soil and gravel material stockpiles within the "Fish Tail" area of the Site. The evaluation of the stockpiles included the collection and analysis of twelve soil samples (plus one duplicate soil sample), two surface water samples, and a precipitate sample.

Two of the soil samples were collected as background samples from undisturbed native soil adjacent to the stockpiles, the remainder of the soil samples were collected from the stockpiled material. Metals detected in the soil samples included barium, chromium, copper, nickel, vanadium, and zinc. Arsenic was not reported for any of the soil samples at concentrations equal to or greater than the laboratory reporting limit of 20 milligrams per kilogram (mg/kg). None of the metals concentrations reported for the soil samples were present at concentrations exceeding their respective CHHSLs.

Two surface water samples were collected from the stream flowing through the material stockpile area. Sample number GPT-2-W was collected upstream of the material pile, and sample number GP-9-W was collected downstream. Sample GPT-2-W was reported to contain reportable concentrations of barium and zinc. Sample GP-9-W was reported to contain reportable concentrations of mercury, molybdenum, silver, and zinc. No other metals were reported in the water samples at concentrations exceeding their respective laboratory reporting limits. None of the metals reported for the water samples exceeded their respective MCLs or PRGs.

A sample of the white precipitate mineral observed in the stockpile material was analyzed for metals during this investigation. Zinc and nickel were the only metals reported in this sample. Both metals were reported at concentrations below their respective CHHSLs.

Phase I Environmental Site Assessment and Soil Sampling Program, APN 6850-130-180, Miller Brooks Environmental, Inc., October 19, 2000

This report details the results of a Phase I Environmental Site Assessment (ESA) and limited soil sampling performed on the 715-acre parcel. One soil sample collected during this investigation was analyzed for Title 22 metals. Concentrations of arsenic, barium, beryllium, cadmium, chromium, cobalt, copper, lead, nickel, vanadium, and zinc were reported for the soil samples. Arsenic was the only metal reported for the sample at a concentration exceeding the CHHSL. Arsenic was reported in the sample at a concentration of 4.2 mg/kg, which is within the published range of background concentrations of arsenic in California soils.

Phase I & II Environmental Site Assessment, 550-Acre Parcel, Miller Brooks Environmental, Inc., May 8, 2003

This report details the results of a Phase I and II ESA performed on the 550-acre parcel. Eleven soil samples collected during this investigation were analyzed for metals. Six of the samples were collected from borings advanced in the stockpiles of processed sand and gravel material, which was placed in the “Fish Tail” area of the Site. The remaining five soil samples that were analyzed for metals were collected near, and beneath, a number of drums that were removed from the Site.

Concentrations of arsenic, barium, beryllium, chromium, cobalt, copper, lead, nickel, silver, vanadium, and zinc were reported in the soil samples. Arsenic was the only metal reported for the samples at concentrations exceeding the CHHSL. Arsenic was reported in the samples at concentrations ranging from 1.1 to 3.3 mg/kg, which is within the published range of background concentrations of arsenic in California soils.

Report For Asphaltic Material And Surface Water Sampling and Analysis Program on the 550-Acre Parcel, Miller Brooks Environmental, Inc., May 21, 2003

This report documents the analysis for metals of a sample of asphalt like material that was observed in the stream channel in the “Fish Tail” area of the Site. Concentrations of arsenic, barium, beryllium, chromium, cobalt, copper, lead, nickel, silver, vanadium, and zinc were reported in the sample. Arsenic was the only metal reported for the sample with a concentration exceeding the CHHSL. The sample was

reported to contain a concentration of 1.2 mg/kg of arsenic, which is within the published range of background concentrations of arsenic in California soils.

Oversight of Converse Consultants, Inc. Soil and Groundwater Sampling, Miller Brooks Environmental, Inc., June 9, 2005

A prospective buyer retained Converse Consultants to investigate the Site as part of the due diligence process. Miller Brooks provided oversight on behalf of the property owner at the time and collected duplicate samples of the soil and groundwater samples collected during the investigation. A total of 27 soil and two groundwater samples were collected. All of the soil samples were analyzed for Title 22 metals. The soil samples were collected from the surface and from within backhoe test pits excavated at a number of areas on the 550-acre parcel. The two water samples were collected from the two onsite monitoring wells MW-1 and MW-2.

Concentrations of arsenic, barium, beryllium, chromium, cobalt, copper, lead, mercury, nickel, vanadium, and zinc were reported for the soil samples. Arsenic was the only metal reported for the samples at concentrations exceeding the CHHSL. Arsenic concentrations reported in the samples ranged from 1.3 mg/kg to 2.5 mg/kg, which is within the published range of background concentrations of arsenic in California soils.

The water sample collected from MW-1 was reported to contain detectible concentrations barium, chromium, vanadium, and zinc. The water sample collected from MW-2 was reported to contain detectible concentrations of barium and zinc. No other metals were reported in the water samples at concentrations exceeding their respective laboratory reporting limits. None of the metals reported for the water samples exceed their respective MCLs or PRGs for tap water.

Results of July 2, 2007 Surface Water and Soil Sampling, Geocon Consultants, Inc., July 13, 2007

This report presents the results of four surface water samples and three soil samples that were analyzed for metals.

Concentrations of metals exceeding MCLs or PRGs were not reported for any of the water samples collected during this investigation. Arsenic was the only metal reported in the soil samples at concentrations exceeding the CHHSL. Arsenic was not reported at a concentration equal to or greater than the laboratory reporting limit of 1.0 mg/kg in one soil sample. Arsenic concentrations of 1.3 and 7.3 mg/kg were reported for the other two samples, which are within the published range of background concentrations of arsenic in California soils.

Results of Surface Water and Soil Sampling and Analysis, Geocon Consultants, Inc., July 26, 2007

This report presents the results of four surface water samples and four soil samples that were analyzed for metals.

Concentrations of metals exceeding MCLs were not reported for any of the water samples collected during this investigation. Vanadium was reported for two of the water samples at concentrations of 0.064 and 0.17 mg/l. These reported concentrations exceed the tap water PRG of 0.036 mg/l. However, since the PRG is a guidance level for use in evaluating potable drinking water supplies, the report concluded

that further evaluation with respect to vanadium in the surface water was unwarranted because the proposed development for the Site does not include plans to supply drinking water to the development from onsite sources.

Concentrations of arsenic that exceed the CHHSL were reported for three of the four soil samples collected during this investigation. The concentrations of arsenic were reported to range from 1.1 to 1.5 mg/kg. These reported concentrations are within the published range of background concentrations of arsenic in California soils. No other metals with concentrations exceeding their respective CHHSLs were reported for the soil samples.

We trust that this summary of environmental documents and metals testing for the Site provides you with the information you need at this time. Please call if you have any questions or if we can be of further service.

Sincerely,

GEOCON CONSULTANTS, INC.



Michael Conkle, PG
Senior Geologist

MC:am

(1) Addressee