



**AIG Environmental**<sup>®</sup>  
A Division of American International Companies<sup>®</sup>

ORIGINAL  
Fort Ord  
Reuse Authority



# FORMER FORT ORD

## Pollution Legal Liability Select<sup>®</sup> Clean-Up Cost Cap Policy

**INCLUDES COPIES OF:**

- Pollution Legal Liability Select Clean-Up Cost Cap Declarations
- Pollution Legal Liability Select Clean-Up Cost Cap Policy
- Definition of Scheduled Contractor Endorsement

## NOTICE

1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED "NONADMITTED" OR "SURPLUS LINE" INSURERS.
2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT WHICH APPLIES TO CALIFORNIA LICENSED INSURERS.
3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.
4. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST.
5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR "SURPLUS LINE" BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357.
6. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Date: \_\_\_\_\_  
Insured: \_\_\_\_\_

**POLICYHOLDER NOTICE**

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at [www.aigproducercompensation.com](http://www.aigproducercompensation.com) or by calling AIG at 1-800-706-3102.

# AIG ENVIRONMENTAL PIER II PROGRAM

Insured: **FORT ORD REUSE AUTHORITY; LFR INC.**

Policy #: **EPP 778 2507**

Congratulations for choosing AIG Environmental® as your insurance provider! Among other things, your decision allows you access to the Pollution Incident and Environmental Response (PIER II) Program. This program is designed to assist you with your environmental response to catastrophic events or releases at your facility or facilities.

Enclosed you will find:

- Question and Answers regarding the PIER II Program
- PIER II Registration Form

Please complete the enclosed registration form to allow us to have the correct contacts for providing environmental management services if an environmental emergency should occur at your facility or facilities. A postage paid envelope is enclosed for your convenience.

The PIER Program has a toll-free telephone number **1 (877) PIER NOW** (877.743.7669) in case of an emergency. You may follow the guidelines below to determine when to call for PIER II program services.

#### Call PIER II when:

- ♦ A significant amount of hazardous materials is released onto the ground, soil, into the storm drain, or sewer.
- ♦ Abnormal amounts of hazardous vapors are detected.

#### Do not Call PIER II for:

- ♦ Regulatory inspections
- ♦ Purposes of satisfying claim-reporting requirements.

Enrolling in this service allows us to provide you with one number to call for assistance with your emergency response when it really matters; potentially reducing insurance claims, remediation costs, and environmental contamination.

If you have any questions about the application or general questions about the PIER II Program please call 1-800-348-4314 and ask for Department Code PIER II.

Thank you,

PIER Program Manager  
AIG Consultants-Environmental Management Division  
One MacArthur Place, 6<sup>th</sup> Floor  
South Coast Metro, CA 92707  
Email: PIER@aig.com

# AIG ENVIRONMENTAL PIER II REGISTRATION FORM

Brian Johnson  
PIER II Program Manager  
AIG Consultants-Environmental Management Division  
One MacArthur Place, 6<sup>th</sup> Floor  
South Coast Metro, CA 92707

## ***Policy Holder Information:***

Named Insured	FORT ORD REUSE AUTHORITY; LFR INC.	Policy #:	EPP 778 2507
Contact Name:		Phone number:	
Mailing Address:	1900 POWELL ST. FL. 12	Fax number:	
City:	EMERYVILLE	County:	ALAMEDA
State ZIP:	CA 94608		

## ***Emergency Contact Information:***

Check here if the emergency contact is not the same for every facility under this policy. AIG will contact you for more information.

<b>Primary Contact:</b>	(must be filled in)		
Name:		Daytime Phone:	
Mailing Address:		Nighttime Phone:	
City:			
State ZIP:			
<b>Secondary Contact:</b>	(must be filled in)		
Name:		Daytime Phone:	
Mailing Address:		Nighttime Phone:	
City:			
State ZIP:			

# AIG ENVIRONMENTAL PIER II REGISTRATION FORM

(continued)

**Site specific information** \* (Physical addresses, not mailing addresses) \* Please copy for additional sites.

Facility #:	_____	Facility #:	_____
Facility Name:	_____	Facility Name:	_____
Address 1:	_____	Address 1:	_____
Address 2:	_____	Address 2:	_____
City:	_____	City:	_____
State:	_____	State:	_____
Zip:	_____	Zip:	_____
Facility Type:	_____	Facility Type:	_____
Comments:	_____	Comments:	_____

Facility #:	_____	Facility #:	_____
Facility Name:	_____	Facility Name:	_____
Address 1:	_____	Address 1:	_____
Address 2:	_____	Address 2:	_____
City:	_____	City:	_____
State:	_____	State:	_____
Zip:	_____	Zip:	_____
Facility Type:	_____	Facility Type:	_____
Comments:	_____	Comments:	_____

Facility #:	_____	Facility #:	_____
Facility Name:	_____	Facility Name:	_____
Address 1:	_____	Address 1:	_____
Address 2:	_____	Address 2:	_____
City:	_____	City:	_____
State:	_____	State:	_____
Zip:	_____	Zip:	_____
Facility Type:	_____	Facility Type:	_____
Comments:	_____	Comments:	_____



# AIG Environmental

A Division of American International Companies®

**To:** FORT ORD REUSE AUTHORITY; LFR INC.  
**From:** AIG Environmental  
**Date:** May 4, 2007  
**Re:** PIER II Program Q & A

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**Q. What exactly is the PIER II Program?**

A. The Pollution Incident and Environmental Response (PIER II) Program is designed to assist you when you have determined that additional emergency response capabilities and services are necessary to respond to your environmental pollution incident. PIER II resources include a national network of emergency response contractors and environmental consultants. Additionally, project management services will be provided by AIG Consultants-Environmental Management Division (AIGC-EM). AIGC-EM will be in communication with both you and the emergency responder during the incident to make sure that all resources of the PIER II Program are made available to you.

**Q. Why should I use the PIER II Program?**

A. The PIER II Program provides you with a national network of emergency response resources with just one phone call. As an AIG Environmental client, you will benefit from reduced rates that have already been negotiated for you. In addition to providing you with the management services of an AIGC-EM Program Manager, PIER II also offers investigative services, adjusting services, and a crisis management advisory board that can be utilized.

**Q. How do I access the PIER II Program when I have an emergency?**

A. To access the PIER II Program 24 hours a day, simply dial toll-free **1-877 PIER NOW (877.743.7669)** and you will be connected to the Emergency Response Hotline. Enter your call-back number, and the on-call AIGC-EM PIER Program Manager will return your page, collect vital information, and dispatch the emergency response services that you require.

**Q. What are my responsibilities through the response process?**

A. As the responsible party, you are ultimately responsible for responding to your environmental pollution incident. The PIER II Program is offered to assist you in the overall incident response and management process.

**Q. Are my claim reporting requirements satisfied by accessing the PIER II Program?**

A. No. Please refer to your policy for claim reporting requirements.

**Q. By being a participant in PIER II, does this mean that my claim is automatically covered by AIG? If not, who pays for the PIER II services?**

A. Coverage will be determined by the claims department after a factual analysis of the incident and the insurance policy. Covered costs will be paid or reimbursed up to the limit of the policy and subject to any deductible or retention amount. If the incident is not covered by the policy, then you will be responsible for payment of the response. In either situation, you will benefit from the pre-negotiated low rates.

**Q. What do I need to do to sign up for the PIER II Program?**

A. The best thing to do is to register for the PIER II Program using the registration form included in this packet. The PIER Program Manager listed below can then contact you to provide you with more information.

**Q. Who should I contact to discuss the PIER II Program?**

A. To discuss the PIER II Program benefits and to register your company for PIER II Program services, contact:

PIER Program Manager  
AIG Consultants, Inc.  
Environmental Mgmt. Division  
One MacArthur Place., 6<sup>th</sup> Floor  
South Coast Metro, CA 92707  
Phone: 1-800-348-4314 ask for Department Code PIER II  
Email: PIER@aig.com

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**AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY**

(A Capital Stock Company, herein called the Company)

70 Pine Street

New York, N.Y. 10270

**FORMER FORT ORD POLLUTION LEGAL LIABILITY SELECT® CLEAN-UP COST CAP INSURANCE**

**DECLARATIONS**

**MANY OF THE COVERAGES CONTAIN CLAIMS-MADE-AND-REPORTED REQUIREMENTS. PLEASE READ CAREFULLY.**

**POLICY NUMBER: EPP 778 2507**

**Item 1: NAMED INSURED FOR COVERAGE A:**

**MAY - 4 2007**

**FORT ORD REUSE AUTHORITY**

**ADDRESS: 100 12<sup>TH</sup> STREET, BUILDING 2880  
MARINA, CA 93933**

**NAMED INSURED FOR COVERAGES B AND C:**

**LFR INC.**

**ADDRESS: 1900 POWELL ST, FL 12  
EMERYVILLE, CA 94608**

**Item 2:**

**POLICY PERIOD: Coverage A: FROM MARCH 30, 2007 TO MARCH 30, 2022  
Coverage B & C: FROM MARCH 30, 2007 TO MARCH 30, 2019**

12:01 A.M. Standard Time at the address of the Named Insured shown above.

**Item 3: COVERAGES AND COVERAGE SECTION LIMITS AND DEDUCTIBLES**

This Policy includes only those Coverages as stated in Section I of the Policy for which deductibles and limits of liability appear below. If no deductible or limits of liability appears for a Coverage, that Coverage does not apply.

Coverage	Self-Insured Retention-Each Incident	Each Incident Limit	Coverage Section Aggregate Limit
A	\$100,000 (As described in Section V.F.1 and 2 of the Policy)	\$15,000,000 (Except as described in Section V.E. of the Policy and subject the Policy Aggregate Limit as described in Item 4. below)	\$15,000,000 (Except as described in Section V.E. of the Policy and subject to the Policy Aggregate Limit as described in Item 4. below)

Coverage	Limit of Liability	Self-Insured Retention	Co-Insurance Participation Percentage
B and C combined	\$128,000,000 (Except as described in Section V.E. of the Policy and subject to the Policy Aggregate Limit as described in Item 4. below)	\$0	a) Insured 0% b) Company 100%

**NOTICE: THIS INSURER IS NOT LICENSED IN THE STATE OF NEW YORK AND IS NOT SUBJECT TO ITS SUPERVISION**

**Item 4: POLICY AGGREGATE LIMIT:**

\$128,000,000; provided, however, that prior to the payment of the total outstanding premium, the Policy aggregate limit of liability shall not be the entire \$128,000,000, but instead shall be limited as follows: a) upon payment of the first premium installment and until payment of the second premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account plus \$5,000,000; b) upon payment of the second premium installment and until payment of the third and final premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the second premium installment plus \$5,000,000.

**Item 5: INSURED PROPERTY(S) – COVERAGES A, B AND C**

SEE ENDORSEMENT NO. 1

**Item 6: POLICY PREMIUM:** The policy premium shall be paid in three installments:

Premium for Certified Acts of Terrorism Coverage Under Terrorism Risk Insurance Act 2002:  
Not Applicable, Coverage Rejected By Insured

First Installment California Premium Tax 3% - \$971,400.00  
First Installment SL Filing Fee 0.125% - \$ 40,475.00

- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
- b) The second premium installment of \$28,500,000 shall be paid on or before June 1, 2008; provided, however, that in the event that the second premium installment is paid prior to June 1, 2008, the amount of the second premium installment due shall be reduced by \$5,283 for each day prior to June 1, 2008 that the second premium installment is received by the Company.
- c) The third premium installment of \$22,825,131 shall be paid on or before June 1, 2009; provided, however, that in the event that the third premium installment is paid prior to June 1, 2009, the amount of the third premium installment due shall be reduced by \$4,064 for each day prior to June 1, 2009 that the third premium installment is received by the Company.

**Item 7: RETROACTIVE DATE:** Under Coverage A the **Pollution Conditions** must commence on or after the date shown below.

Retroactive Date: NONE  
(Enter date or "none" if no Retroactive Date applies.)

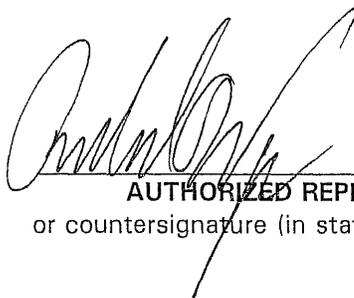
**Item 8: CONTINUITY DATE: MARCH 30, 2007**

**Item 9: TERMINATION DATE: MARCH 30, 2019**

Item 10: CLEAN-UP COST PROGRESS REPORT SUBMISSION SCHEDULE: MONTHLY

**BROKER:** AON RISK SERVICES, INC.  
199 FREMONT ST., 14<sup>TH</sup> FLOOR  
SAN FRANCISCO, CA 94105

By



\_\_\_\_\_  
**AUTHORIZED REPRESENTATIVE**  
or countersignature (in states where applicable)

NOTICE: THIS INSURER IS NOT LICENSED IN THE STATE OF NEW YORK AND IS NOT SUBJECT TO ITS SUPERVISION

**FORMS SCHEDULE**

**Named Insured:** FORT ORD REUSE AUTHORITY; LFR INC.

**Policy Number:** EPP 778 2507

**Effective 12:01 AM:** March 30, 2007

<u>End't. No.</u>	<u>Form Name</u>	<u>Form Number/ Edition Date</u>
	Policyholder Notice	91222 (7/06)
	AIG Environmental Pier II Program Cover Letter	
	AIG Environmental Pier II Q&A	
	AIG Environmental Pier II Registration Form	
	Policyholder Disclosure Statement Under TRIA of 2002	81273 (12/02)
	AISLIC Former Fort Ord Pollution Legal Liability Select Clean-Up Cost Cap Insurance Declarations	Manuscript
	AISLIC Former Fort Ord Pollution Legal Liability Select Clean-Up Cost Cap Insurance Policy	Manuscript Version 3/28/07
	AISLIC Policy Signature Page	86697 (9/04)
	Notice of Loss/Notice of Claim	91968 (12/06)
1	Schedule of Insured Property(s) Endorsement <i>One Set of 10-Colored Maps Attachment to Endorsement No. 1</i>	Manuscript
2	Definition of Scheduled Contractor Endorsement	Manuscript
3	Terrorism Exclusion – All Terrorism (Including Certified Acts of Terrorism) Exclusion Endorsement	81268 (12/02)
4	Coverage A – Additional Insured(s) Endorsement	Manuscript
5	Modification of Clean-Up Costs To Include Only Direct Costs Upon Exhaustion of the Notional Commutation Account	Manuscript
6	Schedule of Insured Contracts	72320 (7/00)

POLICYHOLDER DISCLOSURE STATEMENT  
UNDER  
TERRORISM RISK INSURANCE ACT OF 2002

You are hereby notified that under the federal Terrorism Risk Insurance Act of 2002 (the "Act") effective November 26, 2002, you now have a right to purchase insurance coverage for losses arising out of an Act of Terrorism, which is defined in the Act as an act certified by the Secretary of the Treasury (i) to be an act of terrorism, (ii) to be a violent act or an act that is dangerous to (A) human life; (B) property or (C) infrastructure, (iii) to have resulted in damage within the United States, or outside of the United States in case of an air carrier or vessel or the premises of a U.S. mission and (iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. You should read the Act for a complete description of its coverage. The Secretary's decision to certify or not to certify an event as an Act of Terrorism and thus covered by this law is final and not subject to review. There is a \$100 billion dollar annual cap on all losses resulting from Acts of Terrorism above which no coverage will be provided under this policy and under the Act unless Congress makes some other determination.

For your information, if such coverage is purchased, coverage provided by the policy for losses caused by an Act of Terrorism may be partially reimbursed by the United States under a formula established by the Act. Under this formula the United States pays 90% of terrorism losses covered by this law exceeding a statutorily established deductible that must be met by the insurer, and which deductible is based on a percentage of the insurer's direct earned premiums for the year preceding the Act of Terrorism.

Coverage for Acts of Terrorism is not included in the policy referenced below as the insured has rejected the offer to purchase such insurance.

AMERICAN INTERNATIONAL SPECIALTY LINES INS. CO.  
NAMED INSURED: FORT ORD REUSE AUTHORITY; LFR INC.  
POLICY #: EPP 778 2507

EFFECTIVE DATES: Coverage A: FROM MARCH 30, 2007 TO MARCH 30, 2022  
Coverage B & C: FROM MARCH 30, 2007 TO MARCH 30, 2019

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY

FORMER FORT ORD POLLUTION LEGAL LIABILITY SELECT<sup>®</sup> CLEAN-UP COST CAP MANUSCRIPT  
INSURANCE POLICY

MANY OF THE COVERAGES CONTAIN CLAIMS-MADE-AND-REPORTED REQUIREMENTS. PLEASE READ CAREFULLY. ADDITIONALLY, THIS POLICY HAS CERTAIN PROVISIONS AND REQUIREMENTS UNIQUE TO IT AND MAY BE DIFFERENT FROM OTHER POLICIES THE INSURED MAY HAVE PURCHASED. DEFINED TERMS, OTHER THAN HEADINGS, APPEAR IN BOLD FACE TYPE.

NOTICE: THE DESCRIPTIONS IN ANY HEADINGS OR SUB-HEADINGS OF THIS POLICY ARE INSERTED SOLELY FOR CONVENIENCE AND DO NOT CONSTITUTE ANY PART OF THE TERMS OR CONDITIONS HEREOF.

In consideration of the payment of the premium, in reliance upon the statements in the Declarations and the Warranty Application annexed hereto and made a part hereof, and pursuant to all of the terms of this Policy, the Company agrees with the **Named Insured** as follows:

I. **INSURING AGREEMENTS**

1. **COVERAGES:**

THE FOLLOWING COVERAGES ARE IN EFFECT ONLY IF SCHEDULED IN THE DECLARATIONS.

**COVERAGE A - ON-SITE CLEAN-UP OF PRE-EXISTING CONDITIONS**

To pay on behalf of the **Insured**, **Loss** that the **Insured** is legally obligated to pay as a result of **Claims** by a **Governmental Authority** for **Clean-Up Costs** resulting from **Pollution Conditions** on, under, or migrating from the **Insured Property** that commenced prior to the **Continuity Date**, provided such **Claims** are first made against the **Insured** and reported to the Company in writing during the **Policy Period**.

**COVERAGE B - KNOWN POLLUTANTS**

To pay to or on behalf of the **Named Insured**, **Clean-Up Costs** that such **Named Insured** incurs for the **Clean-Up of Munitions and Explosives of Concern** pursuant to the execution of the **Remedial Plan**. For this coverage to apply:

1. The **Named Insured** under Coverages B and C must timely and routinely report the **Clean-Up Costs** to the Company prior to the **Termination Date** in accordance with Section IV. Paragraph B.5; and
2. **Clean-Up** must occur on or after the **Inception Date** and before the **Termination Date**.

**COVERAGE C - UNKNOWN POLLUTANTS**

To pay to or on behalf of the **Named Insured**, **Clean-Up Costs** that such **Named Insured**, incurs for the **Clean-Up of Pollutants** other than **Munitions and Explosives of Concern**. For this coverage to apply:

1. The **Pollutants** must be first discovered after the **Inception Date** and in the course of the execution of the **Remedial Plan**;

2. The **Pollutants** must originate from or have migrated onto the **Insured Property**;
3. The **Named Insured** must report, in accordance with Section IV. Paragraph B.4, the discovery of **Pollutants** other than **MEC** to the Company as soon as practicable after discovery of such **Pollutants** and in any event included in the submission of the next scheduled **Clean-Up Progress Report** and during the **Policy Period**;
4. The **Named Insured** must timely and routinely report the **Clean-Up Costs** to the Company prior to the **Termination Date** in accordance with Section IV. Paragraph B.5; and
5. **Clean-Up** must occur on or after the **Inception Date** and before the **Termination Date**.

## 2. LEGAL EXPENSE AND DEFENSE

The Company shall have the right and the duty to defend any **Claims** covered under Coverage A. The Company's duty to defend or continue defending any such **Claim**, and to pay any **Loss**, shall cease once the applicable limit of liability, as described in Section V. (Limits of Coverage; Self-Insured Retention) has been exhausted. Defense costs, charges and expenses are included in **Loss** and reduce the applicable limit of liability, as described in Section V. and are included within the Self-Insured Retention amount for Coverage Section A.

Except to the extent a "Joint Defense" is prohibited by applicable law or would otherwise result in or create a conflict of interest between any **Insureds** and their counsel, all such **Claims** shall be defended on a "joint defense" basis, subject to applicable law, whereby:

1. The Company shall appoint one counsel to defend all **Insureds** who are or may be involved with respect to any such **Claim**; and
2. All **Insureds** shall have the obligation to cooperate with respect to the investigation and joint defense of any such **Claim(s)**.

The Company will present any settlement offers to the **Insured**, and if the **Insured** refuses to consent to any settlement within the limits of liability of this Policy recommended by the Company and acceptable to the claimant, the Company's duty to defend the **Insured** shall then cease and the **Insured** shall thereafter negotiate or defend such **Claim** independently of the Company and the Company's liability shall not exceed the amount, less the Self-Insured Retention Amount or any outstanding Self-Insured Retention Amount balance, for which the **Claim** could have been settled if such recommendation was consented to.

## 3. INDEPENDENT COUNSEL

In the event the **Insured** is entitled by law to select independent counsel to defend the **Insured** at the Company's expense, the attorney fees and all other litigation expenses the Company must pay to that counsel are limited to the rates the Company would actually pay to counsel that the Company retains in the ordinary course of business in the defense of similar **Claims** in the community where the **Claim** arose or is being defended.

Additionally, the Company may exercise the right to require that such counsel have certain minimum qualifications with respect to their competency, including experience in defending **Claims** similar to the one pending against the **Insured**, and to require such counsel to have errors and omissions insurance coverage. As respects any such counsel, the **Insured** agrees that counsel will timely respond to the Company's request

for information regarding the **Claim**. The **Insured** may at any time, by its signed consent, freely and fully waive its right to select independent counsel.

## II. EXCLUSIONS

### 1. COMMON EXCLUSIONS - APPLICABLE TO ALL COVERAGES

This Policy does not apply to **Clean-Up Costs, Claims or Loss**:

#### A. CONTRACTUAL LIABILITY

to the extent arising from liability of others assumed by the **Insured** under any contract or agreement, unless the liability of the **Insured** would have attached in the absence of such contract or agreement or the contract or agreement is an **Insured Contract**.

#### B. TRANSPORTATION

to the extent arising out of **Pollution Conditions** or **Pollutants** that result from the maintenance, use, operation, loading or unloading of any conveyance beyond the boundaries of the **Insured Property**.

#### C. INTENTIONAL NONCOMPLIANCE

to the extent arising from **Pollution Conditions** or **Pollutants** based upon or attributable to any **Responsible Insured's** intentional, willful or deliberate noncompliance with any statute, regulation, ordinance, administrative complaint, notice of violation, notice letter, executive order, or instruction of any governmental agency or body. However, this exclusion does not apply to such noncompliance which resulted in the necessity for the **Remedial Plan** or to an **Insured's** unintentional acts or omissions, including those that are negligent.

#### D. INTERNAL EXPENSES

for costs, charges or expenses incurred by the **Insured** for goods supplied or services performed by the staff or salaried employees of the **Insured**, or its parent, subsidiary or affiliate, except if in response to an emergency or pursuant to **Environmental Laws** that require immediate remediation of **Pollution Conditions** or **Pollutants**, or unless such costs, charges or expenses are incurred with the prior written approval of the Company in its sole discretion or are incurred by a **Scheduled Contractor** pursuant to the execution of the **Remedial Plan**.

#### E. INSURED vs. INSURED

by any **Insured** against any other person or entity who is also an **Insured** under this Policy. This exclusion does not apply to **Claims** initiated by third parties or **Claims** that arise out of an indemnification given by one **Named Insured** to another **Named Insured** in an **Insured Contract**.

#### F. EMPLOYER LIABILITY

arising from **Bodily Injury** to an **Insured** or its parent, subsidiary or affiliate arising out of and in the course of employment by the **Insured** or its parent, subsidiary or affiliate. This exclusion applies whether the **Insured** may be liable as an employer or in any other capacity and to any obligation to share damages with or repay third parties who must pay damages because of the injury.

**G. PRIOR KNOWLEDGE/NON-DISCLOSURE**

to the extent arising from **Pollution Conditions** or **Pollutants** existing prior to the **Inception Date** and actually known by a **Responsible Insured** and not disclosed in the warranty application for this Policy.

**H. CHANGE IN USE FROM INTENDED USE**

to the extent arising from a material change in use of an **Insured Parcel(s)** from the **Intended Use**.

**I. VIOLATION OF USE RESTRICTIONS**

to the extent arising from a violation by an **Insured** of any land use restriction, groundwater restriction, deed covenant or institutional control applicable to the **Insured Property**, including, but not limited to the "Covenant to Restrict the Use of Property" as such term is defined in the **ESCA**.

**J. WAR**

arising directly or indirectly as a result of or in connection with war, whether declared or not, or any act or condition incident to war. War includes civil war, insurrection, act of foreign enemy, civil commotion, factional civil commotion, military or usurped power, rebellion or revolution. This exclusion shall not apply to war(s) or any act or condition incident to war prior to the **Inception Date**.

**K. OPERATIONAL IMPROVEMENTS**

to the extent relating to or associated with the construction, installation, operation or maintenance of any improvement, facility, process, system or equipment at the **Insured Property**, but solely to the extent the foregoing provides a continuing benefit to the use or operation of the **Insured Property** beyond the requirements of the execution of the **Remedial Plan**.

**L. ARMY OBLIGATIONS**

to the extent arising from "Army Obligations" as that term is defined in Section C, ENVIRONMENTAL SERVICES OBLIGATIONS of the **ESCA**.

**M. BODILY INJURY OR PROPERTY DAMAGE**

arising from any **Bodily Injury** or **Property Damage**.

**N. CHANGE ORDER EXCLUSION**

to the extent arising from an "Approved Change Order" as defined in the **Remediation Services Agreement**, including, but not limited to, **Clean-Up Costs** resulting from the performance of the activities that are the subject of the "Approved Change Order" and consequential increases in **Clean-Up Costs** caused by any material change to the **Clean-Up Schedule** that results from an "Approved Change Order," unless otherwise approved by the Company in writing and in advance, at the Company's sole discretion.

**O. ENDANGERED SPECIES**

to the extent arising from (i) any endangered or threatened species; (ii) any activities or omissions related to the protection, conservation or preservation of any such species; or (iii) compliance with any biological opinion; provided however, this exclusion shall not apply to **Clean-Up Costs** or **Loss** arising from:

1. The biological opinion dated March 14, 2005 from Diane K. Noda, of the Fish and Wildlife Service to Gail Youngblood, Environmental Coordinator, Base Realignment and Closure or any amendments, modifications or revisions thereto required by a **Governmental Authority**; or
2. The biological opinion dated October 22, 2002 from Diane K. Noda of the U.S. Fish and Wildlife Service to James M. Willison, Director, Environmental and Natural Resource Management, Department of the Army, and any revisions, amendments or modifications thereto required by a **Governmental Authority**; or
3. The biological opinion dated March 30, 1999 from Diane K. Noda of the U.S. Fish and Wildlife Service to James M. Willison, Director, Environmental and Natural Resource Management, Department of the Army, and any revisions, amendments or modifications thereto required by a **Governmental Authority**; or
4. \$100,000 in the aggregate of **Clean-Up Costs** arising from any endangered or threatened species or any biological opinion other than that referred to in paragraphs 1, 2 or 3 above.

**P. SCHOOL SITING**

to the extent arising from **Clean-Up** beyond that which is required in the **Remedial Plan** required to be implemented to satisfy any state or local school siting standards or requirements. This exclusion shall apply notwithstanding any modification of the **Remedial Plan**.

**Q. DEMOLITION**

solely with respect to buildings or structures that are not required to be demolished pursuant to the **Remedial Plan**, to the extent arising from demolition, disposal of demolition debris or the investigation, remediation, treatment or monitoring of such demolition debris.

**R. OFF-SITE MUNITIONS AND EXPLOSIVES OF CONCERN**

To the extent arising from **Munitions and Explosives of Concern** beyond the boundaries of the **Insured Property**; provided, however, this exclusion shall not apply to off-site **MEC** caused by the detonation or explosion of **MEC** within the boundaries of the **Insured Property**.

**S. DETONATION OR EXPLOSION**

To the extent arising from the detonation, explosion or concussive effect of any **Munitions and Explosives of Concern**; provided, however, that this exclusion shall not apply to: (i) any such detonations or explosions which result from the execution of the **Remedial Plan**; or (ii) the **Clean-Up** of "Munitions Constituents" as such term is defined in the **ESCA**.

**T. GROUNDWATER:**

arising from the investigation, treatment, remediation or monitoring of groundwater.

**2. COVERAGE A EXCLUSIONS**

The following exclusions apply to Coverage A:

This Policy does not apply **Clean-Up Costs, Loss or Claims:**

**A. CRIMINAL FINES, PENALTIES, AND ASSESSMENTS:**

which are due to any criminal fines, criminal penalties or criminal assessments.

**B. OTHER APPLICABLE COVERAGES:**

arising from **Pollution Conditions** resulting from **Pollutants:** (i) which are **MEC** discovered pursuant to the execution of the **Remedial Plan**; or (ii) which are covered under Coverage B or C; or (iii) which would be covered under Coverage B or C but for the exhaustion of the applicable limit of liability; or (iv) which would be covered under Coverage B or C but for the application of any exclusion or termination of coverage under Coverage B or C pursuant to the terms of the Policy.

However, upon receipt of an **Operable Unit Closeout Determination** for a particular **Operable Unit**, this exclusion shall not apply to **Pollution Conditions** identified above on, under or migrating from that particular **Operable Unit**.

**C. ASBESTOS AND LEAD:**

to the extent arising from asbestos or any asbestos-containing materials or lead-based paint installed or applied in, on or to any building or other structure. This exclusion does not apply to **Clean-Up Costs** for the remediation of soil.

**3. COVERAGE B AND C EXCLUSIONS**

The following exclusions apply to Coverages B and C.

This Policy does not apply to **Clean-Up Costs:**

**A. CONTRACT AMENDMENT**

to the extent arising out of any amendment, alteration or change, after execution, of the **Remediation Services Agreement** or the **ESCA** unless the same is approved by the Company in advance and in writing, at the Company's sole discretion.

**B. THIRD-PARTY LIABILITY:**

Except with respect to stipulated penalties payable under the **AOC** as provided for and as limited herein, to the extent arising from any liability to any third-party except for **Clean-Up Costs** otherwise covered under this Policy.

**C. LABOR DISPUTES:**

to the extent arising from delay due to labor disputes involving the **Insured**, including, but not limited to, strikes against the **Insured**.

**D. LICENSE SUSPENSION:**

to the extent arising from suspension, lapse, modification or cancellation of any license, permit or lease of a **Scheduled Contractor** performing work pursuant to the execution of the **Remedial Plan** which is required by the governmental entity or quasi-governmental entity responsible for supervision of the **Clean-Up**.

**E. BANKRUPTCY:**

to the extent arising from default, bankruptcy or insolvency of any entity(s) involved in the **Clean-Up**, but this exclusion does not apply if the entity(s) involved in the **Clean-Up** has a performance bond issued by a surety company on the Federal Register of the United States Department of the Treasury which in fact provides coverage for the **Clean-Up** at the time of such default, bankruptcy or insolvency.

**F. DENIAL OF ACCESS:**

to the extent arising from prohibition of access to any property by a third-party that is not an **Insured**, but this exclusion does not apply to any governmental entity or quasi-governmental entity responsible for supervision of the **Clean-Up** unless such prohibition is premised upon a suspension, lapse, modification or cancellation of any license, permit, lease or contract of a **Scheduled Contractor** as set forth in paragraph D. above.

**G. UNREASONABLE DELAY OR ACCELERATION**

to the extent arising from unreasonable delay or acceleration in a **Scheduled Contractor's** performance of **Clean-Up**, if such delay or acceleration is within the control of the **Scheduled Contractor** or the **Named Insured** or any owner or operator of the **Insured Property** under any Coverages but only to the extent that such delay or acceleration results in increased **Clean-Up Costs** of greater than \$50,000 in the aggregate, unless such delay or acceleration is approved in advance and in writing by the Company in its sole discretion. As used in this exclusion, unreasonable delay means a material delay resulting from the failure to execute the **Remedial Plan** in a reasonable manner under the then prevailing circumstances but unreasonable delay shall not include an immaterial delay in the execution of the **Remedial Plan** resulting from the normal and customary coordination of the performance of **Clean-Up** with redevelopment activities or activities in connection with Army Obligations. As used in this exclusion, unreasonable acceleration means a material acceleration in the performance of **Clean-Up** beyond the schedule set forth in the **Clean-Up Schedule**.

**H. FAULTY WORKMANSHIP:**

to the extent arising from faulty workmanship or defective materials by the **Scheduled Contractor** or its subcontractors in the performance of the **Remedial Plan**.

**I. MODIFICATION OF THE REMEDIAL PLAN:**

arising from any modification of the **Remedial Plan** unless:

1. Such modification is required by the **Governmental Authority** responsible for supervision of the **Clean-Up** and the **Insured** has consulted with the Company in advance and selects, to the extent the **Insured** has such right, a modification which best minimizes **Clean-Up Costs** payable under this Policy and does not prejudice the rights of any **Named Insured** under this Policy; or
2. The Company has consented to such modification in advance, in writing.

**J. OTHER APPLICABLE COVERAGES:**

for any cost covered under Coverage A as well as any cost that would otherwise be covered under Coverage A but for the exhaustion of the applicable policy limits of liability under Coverage A.

**K. FINES, PENALTIES AND MULTIPLIED DAMAGES:**

any fines, penalties, punitive damages, exemplary damages, statutory assessments or the multiplied portion of any multiplied damages or any interest payments or liquidated damages or any other penalties due pursuant to the **Remediation Services Agreement**. However, this exclusion shall not apply to \$350,000 total of stipulated penalties imposed pursuant to the **AOC**

**L. REGULATORY OVERSIGHT OR RESPONSE COST**

arising from "Regulatory Response Costs" as that term is defined in Section C ENVIRONMENTAL SERVICES OBLIGATIONS of the **ESCA**.

**M. COMMUNITY OUTREACH**

arising from any community outreach activities beyond those activities required under the **Remedial Plan**.

**III. NOTICE REQUIREMENTS AND CLAIM PROVISIONS**

The **Insured** shall provide the Company with notice of **Pollution Conditions, Claims**, and the discovery of **Pollutants** as follows:

**A. NOTICE OF POLLUTION CONDITIONS, CLAIMS, AND POLLUTANTS**

1. With respect to Coverage A, in the event of **Claims** or the discovery of **Pollution Conditions** or, with respect to Coverage B, the discovery of any materially increased quantity, concentration or disbursement of **MEC** different from that contemplated in the **Remedial Plan** or, with respect to Coverage C, the discovery of **Pollutants** other than **MEC**, the **Named Insured** shall give written notice to:

Manager, Pollution Insurance Products Unit  
AIG Domestic Claims, Inc.  
Environmental Claims Department  
101 Hudson Street  
Jersey City, NJ 07302  
Fax: (201) 631-5051

or other address(s) as substituted by the Company in writing.

2. As required by Section 1 above, the **Insured** shall give written notice of **Pollution Conditions** or **Pollutants** as soon as possible. Notice under all coverages shall include, at a minimum, information sufficient to identify the **Named Insured**, the **Insured Property**, the names of persons with knowledge of the **Pollution Conditions** or **Pollutants** and all known and reasonably obtainable information regarding the time, place, cause, nature of and other circumstances of the **Pollution Conditions** or **Pollutants**.
3. The **Insured** shall give notice of **Claims** as soon as possible, but in any event during the **Policy Period**. The **Insured** shall furnish information at the request of the Company. When a **Claim** has been made, the **Insured** shall forward the following to the Company as soon as possible:
  - (a) All reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the claimant(s) and available witnesses.
  - (b) All demands, summonses, notices or other process or papers filed with a court of law, administrative agency or an investigative body;
  - (c) Other information in the possession of the **Insured** or its hired experts which the Company reasonably deems necessary.
4. The **Named Insured** under Coverages B and C shall report in writing to the Company as soon as possible: (a) the potential of any amendment or change to the **Remedial Plan**, and (b) in all events (except in the case of an emergency requiring immediate action to prevent damage to human health or the environment), prior to undertaking any activities or entering into any agreements to amend or change of the **Remedial Plan**. Such reports shall be sent to the address set forth in paragraph 1.above and to the address to which the **Named Insured** is providing **Clean-Up Progress Reports**.

#### IV. RIGHTS OF THE COMPANY AND DUTIES OF THE INSURED IN THE EVENT OF POLLUTION CONDITIONS AND IN CONNECTION WITH REMEDIAL ACTIVITIES

##### A. Pollution Conditions - Coverage A

###### 1. The Company's Rights

The Company shall have the right but not the duty to clean up or mitigate **Pollution Conditions** upon receiving notice as provided in Section III. of this Policy. Any sums expended in taking such action by the Company will be deemed incurred or expended by the **Insured** and shall be applied against the limits of coverage and self-insured retention under this Policy.

###### 2. Duties of the Insured

The **Named Insured** shall have the duty to clean up **Pollution Conditions**, subject to the requirements of the **ESCA** and the **AOC**, to the extent required by **Environmental Laws**, by retaining competent professional(s) or contractor(s) mutually acceptable to the Company and the **Named Insured**. The Company shall have the right but not the duty to review and approve all aspects of any such clean-up. The **Named Insured** shall notify the Company of actions and measures taken pursuant to this paragraph.

**B. Remedial Activities - Coverages B and C**

1. The Company shall have the right, but not the duty, to review, assess and inspect all aspects of any **Clean-Up** to which Coverages B or C apply. Neither the Company's rights nor its exercise of the rights under this paragraph shall constitute an undertaking to determine or warrant that the **Clean-Up** is safe, healthful, or in conformity with applicable law.
  2. The **Named Insured** under Coverages B and C shall take all reasonable and prudent steps to minimize **Clean-Up Costs**, limit access to the **Insured Property**, and prevent the spread of further contamination.
  3. The **Named Insured** shall retain a **Scheduled Contractor** to undertake and complete **Clean-Up**.
  4. The **Named Insured** shall report any material increased quantity, concentration or disbursement of **MEC** or **Pollutants** from those contemplated in the **Remedial Plan**, or the discovery of **Pollutants** different from those identified in the **Remedial Plan** in accordance with Section III. of the Policy.
  5. The **Named Insured** shall keep detailed records of all **Clean-Up Costs** and provide the Company with completed copies of the attached **Clean-Up Progress Report** at the time intervals prescribed in Item 10 of the Declarations; provided, however, an infrequent and immaterial delay in the submittal of **Clean-Up Progress Reports** shall not constitute a basis for denial of coverage under this Policy except to the extent such failure results in material prejudice to the Company .
  6. To the extent of the **Named Insured's** legal right of access, the **Named Insured** shall permit the Company to inspect the **Insured Property**, any location identified in the **Remedial Plan**, and all financial records, drawings, plans and specifications concerning the **Clean-Up** or **Clean-Up Costs** as often as the Company chooses after providing reasonable notice.
  7. The **Named Insured** shall cooperate with the Company by providing the Company with:
    - (a) Access to all non-privileged information developed or discovered by the **Insured** concerning the **Clean-Up**, whether or not deemed by the **Insured** to be relevant;
    - (b) Reasonable access to interview any agent, servant or employee of the **Named Insured** or any **Scheduled Contractor** or subcontractor involved in the **Clean-Up**; and
    - (c) Access to other information or other responses to reasonable requests from the Company concerning the **Clean-Up**.
- C. Payment of Clean-Up Costs – Coverages B and C:** Solely with respect to **Coverages B and C**, payment requests and associated documentation of **Clean-Up Costs** shall be submitted to the Company monthly, or a frequency mutually agreed upon by the **Named Insured** under Coverages B and C and the Company, using forms provided by the Company or an agreed upon equivalent. The Company, upon receipt of such documentation of **Clean-Up Costs**, shall review and issue payment of all undisputed **Clean-Up Costs** to the **Named Insured** under Coverages B and C as follows: (a) with respect to payment requests and associated documentation of **Clean-Up Costs** for **Clean-Up Costs** that were forecasted in a **Clean-Up Costs Progress Report** submitted to the Company at least 30 days prior to the payment request, within 30 days of receipt by the Company of such payment request and associated documentation; and (b) with respect to all other payment requests and associated documentation of **Clean-Up Costs**, within 45 days of receipt by the Company of such payment request and associated documentation;

which payment shall be made without prejudice or limitation to the rights of the Company with respect to any disputed amounts. Payment requests with documentation of **Clean-Up Costs** will consist of invoices detailing expenses incurred for **Clean-Up** since the last invoicing period, or such other documentation as reasonably mutually agreed upon by the Company and the **Named Insured** under Coverages B and C.

If the Company contests any portion of the payment request of a **Named Insured** under Coverages B and C, the Company shall state the grounds for contesting such payment, which must be supported in writing, and which shall include any request for additional documentation. The **Named Insured** under Coverages B and C agrees to work in good faith with the Company to resolve any contested portions of the payment request in a timely manner. If the **Named Insured** under Coverages B and C submits additional documentation, the Company shall review the additional documentation and issue payment of all undisputed **Clean-Up Costs** to the **Named Insured** under Coverages B and C seeking payment within thirty (30) days of receipt of such additional documentation.

The Company and the **Named Insured** under Coverages B and C agree to use commercially reasonable efforts to resolve any disputed payment requests in good faith. In the event the good faith efforts of a **Named Insured** under Coverages B and C and the Company do not resolve the dispute and any payment requests made by the **Named Insured** under Coverages B and C should remain in dispute for a period of ninety (90) days after the initial submission to the Company of such **Clean-Up Costs** for payment, and provided the total amount of all **Clean-Up Costs** then in dispute exceeds \$25,000, the **Named Insured** under Coverages B and C seeking payment shall have the option to submit the same to binding arbitration administered by the American Arbitration Association under the Expedited Procedures of the Commercial Arbitration Rules. The **Named Insured** under Coverages B and C seeking payment shall provide notice of such arbitration to all potential beneficiaries of any disputed payment and any subcontractors. Such dispute may be submitted to arbitration regardless of whether the Company has satisfied the requirement to state the grounds for dispute or request additional documentation as required above in this Section IV. C. The decision of the arbitrator shall be final and there shall be no right to appeal the decision. Notwithstanding the foregoing, such decision shall be admissible and binding in any other pending or future proceeding involving the same **Remedial Plan** and the same **Scheduled Contractor**. Each party will pay its own expenses, including without limitation, legal fees, and the parties shall share equally the expenses of the arbitrator. Any arbitration awards to a **Named Insured** under Coverages B and C shall be paid within 10 days of the date of the award. If permitted under the law of the state where arbitration commenced, any applicable statute of limitations or repose shall be tolled from the date that the dispute is submitted to arbitration pending final resolution by the arbitrator.

Notwithstanding the foregoing, the Company shall have no obligation to pay **Clean-Up Costs** under Coverages B and C until the first premium installment is paid in full in accordance Section VI.T.

## V. LIMITS OF COVERAGE; SELF-INSURED RETENTION

Regardless of the number of **Claims**, claimants, **Pollution Conditions**, **Pollutants**, **Insureds** or **Insured Property(s)** under this Policy, the following limits of liability apply:

### A. Policy Aggregate Limit

The Company's total liability for all **Loss** under Coverage A and all **Clean-Up Costs** under Coverages B and C, shall not exceed \$128,000,000; provided, however, that prior to the payment of the total

outstanding premium, the Policy aggregate limit of liability shall not be the entire \$128,000,000, but instead shall be limited as follows: a) upon payment of the first premium installment and until payment of the second premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account plus \$5,000,000; b) upon payment of the second premium installment and until payment of the third and final premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the second premium installment plus \$5,000,000.

**B. Each Incident Limit - Coverage A**

1. Subject to Paragraph V. A above, the most the Company will pay for all **Loss** under Coverage A arising from the same, related or continuous **Pollution Conditions** is the "Each Incident" limit of coverage for that particular coverage stated in Item 3 of the Declarations
2. If the **Insured** first discovers **Pollution Conditions** during the **Policy Period** and reports them to the Company in accordance with Section III., all single, continuous or related **Pollution Conditions** reported to the Company under a subsequent Pollution Legal Liability Policy issued by the Company or its affiliate providing substantially the same coverage as this Policy shall be deemed to have been first discovered and reported during the **Policy Period**.
3. If a **Claim** for **Clean-Up Costs** is first made against the **Insured** and reported to the Company during the **Policy Period**, all **Claims** for **Clean-Up Costs**, arising from the same, continuous or related **Pollution Conditions** that are first made against the **Insured** and reported under a subsequent Pollution Legal Liability Policy issued by the Company or its affiliate providing substantially the same coverage as this Policy, shall be deemed to have been first made and reported during the **Policy Period**. Coverage under this Policy for such **Claims** shall not apply, however, unless at the time such **Claims** are first made and reported, the **Insured** has maintained with the Company or its affiliate Pollution Legal Liability coverage substantially the same as this coverage on a continuous, uninterrupted basis since the first such **Claim** was made against the **Insured** and reported to the Company.

**C. Coverage A Section Aggregate Limit**

Subject to Paragraph V.A. above, the Company's total liability for all **Loss** under Coverage A shall not exceed the "Coverage Section Aggregate" limit of coverage stated in Item 3 of the Declarations. In the event that the total amount of **Clean-Up Costs** paid by the Company under Coverages B and C combined is less than or equal to \$113,000,000, the full "Coverage Section Aggregate" limit of coverage of \$15,000,000 stated in Item 3 of the Declarations for Coverage A shall remain available to pay **Loss** otherwise covered under Coverage A. To the extent that the total amount of **Clean-Up Costs** paid by the Company under Coverages B and C combined is greater than \$113,000,000, the then available limit of coverage for Coverage A shall be reduced by the amount of **Clean-Up Costs** paid by the Company under Coverages B and C combined in excess of \$113,000,000 at the time such **Clean-Up Costs** are paid. However, in no event shall the Company be liable for any payments in excess of the Aggregate Policy Limit set forth in Item 4 of the Declarations.

**D. Maximum for Clean-Up Cost Cap**

1. Subject to Paragraph V.A. above, the Company's total liability for all **Clean-Up Costs** under Coverages B and C shall not exceed the applicable Limit of Liability stated in Item 3 of the Declarations.

2. Subject to, and as part of the Company's total liability under Coverages B and C described in Paragraph V.D.1. above, the most the Company will pay for costs, charges or expenses expended for the preparation of a supplementary remedial plan and the associated investigation of **Pollutants** that are not **MEC**, if any, under Coverage C, shall not exceed \$8,000,000.

**E. Non-MEC Clean-Up Costs Sublimit**

Subject to Paragraphs V.A. through V.D. above, the most the Company will pay under Coverages A, B and C combined for **Clean-Up Costs** and **Loss** associated with or arising from **Pollutants** which are not **Munitions and Explosives of Concern** is \$10,000,000 regardless of the number of **Pollution Conditions, insureds, Claims** or claimants.

**F. Self-Insured Retention**

**Coverage A**

**1. Non-MEC Pollution Conditions**

Subject to Paragraphs V.A. through V.E. above, solely with respect to **Clean-Up Costs** associated or in connection with **Pollution Conditions** arising from **Pollutants** which are not **Munitions and Explosives of Concern** and upon exhaustion of the Notional Commutation Account, this Policy is to pay covered **Loss** in excess of a Self-Insured Retention amount of \$100,000 Each/Every Incident, up to but not exceeding the applicable "Each Incident" limit of coverage; provided that if the same, related or continuous **Pollution Conditions** result in **Clean-Up Costs** which exhaust the Notional Commutation Account, the applicable Self-Insured Retention amount shall be the difference between the amount of such **Clean-Up Costs** paid from the balance of the Notional Commutation Account and \$100,000. A single Self-Insured Retention shall apply to all **Loss** arising from the same, related or continuous **Pollution Conditions**. The Self-Insured Retention is to be borne by the **Insured** and is not to be insured. The insurance provided by this Policy shall be excess over the Self-Insured Retention, whether such Self-Insured Retention is collectible or not collectible by reason of the refusal or inability of the **Insured** to pay the retention amount due to insolvency, bankruptcy or any other reason. In no event shall the Company be responsible to make any payment under this Policy before the **Insured** has paid the Self-Insured Retention, and the risk of uncollectibility (in whole or in part) of such Self-Insured Retention is expressly retained by the **Insured** and is not in any way or under any circumstances insured or assumed by the Company.

The **Insured** shall promptly reimburse the Company for advancing any element of **Loss** falling within the Self-Insured Retention.

**2. MEC Pollution Conditions**

Subject to Paragraphs V.A. through V.D. above, solely with respect to **Clean-Up Costs** associated or in connection with **Pollution Conditions** arising from **Pollutants** which are **Munitions and Explosives of Concern** and upon exhaustion of the General Notional Commutation Account, this Policy is to pay covered **Loss** in excess of a Self-Insured Retention amount of \$100,000 per **Insured Parcel**, up to but not exceeding the applicable "Each Incident" limit of coverage; provided that if the same, related or continuous **Pollution Conditions** result in **Clean-Up Costs** which exhaust the Notional Commutation Account, the applicable Self-Insured Retention amount shall be the difference between the amount of such

**Clean-Up Costs** paid from the balance of the Notional Commutation Account and \$100,000. The Self-Insured Retention is to be borne by the **Insured** and is not to be insured. The insurance provided by this Policy shall be excess over the Self-Insured Retention, whether such Self-Insured Retention is collectible or not collectible by reason of the refusal or inability of the **Insured** to pay the retention amount due to insolvency, bankruptcy or any other reason. In no event shall the Company be responsible to make any payment under this Policy before the **Insured** has paid the Self-Insured Retention, and the risk of uncollectibility (in whole or in part) of such Self-Insured Retention is expressly retained by the **Insured** and is not in any way or under any circumstances insured or assumed by the Company.

The **Insured** shall promptly reimburse the Company for advancing any element of **Loss** falling within the Self-Insured Retention.

## VI. CONDITIONS

- A. **Assignment** - This Policy may not be assigned, except with the prior written consent of the Company, which consent shall be unreasonably withheld or delayed, and the **Named Insured** and **FORA**. Assignment of interest under this Policy shall not bind the Company until its consent is endorsed thereon.
- B. **Subrogation** - In the event of any payment under this Policy, the Company shall be subrogated to all the **Insured's** rights of recovery therefor against any person or organization and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights including without limitation, assignment of the **Insured's** rights against any person or organization who caused **Pollution Conditions** or is responsible for any **Pollutants** on account of which the Company made any payment under this Policy. The **Insured** shall do nothing to prejudice the Company's rights under this paragraph subsequent to **Loss**. Any recovery as a result of subrogation proceedings arising out of the payment of **Loss** or **Clean-Up Costs** covered under this Policy shall accrue first to the **Insured** to the extent of any payments in excess of the limit of coverage; then to the Company to the extent of its payment under the Policy and then to the **Insured** to the extent of its **Self-Insured Retention**. Expenses incurred in such subrogation proceedings shall be apportioned among the interested parties in the recovery in the proportion that each interested party's share in the recovery bears to the total recovery. The Company agrees to waive its rights of subrogation, as provided herein, against the U.S. Department of the Army.
- C. **Cooperation** - The **Insured** shall cooperate with the Company and offer all reasonable assistance in the investigation and defense of **Claims** or the evaluation of **Clean-Up Costs** under the applicable Coverages purchased. The Company may require that the **Insured** submit to examination under oath, and attend hearings, depositions and trials. In the course of investigation or defense, the Company may require written statements or the **Insured's** attendance at meetings with the Company. The **Insured** must assist the Company in effecting settlement, securing and providing evidence and obtaining the attendance of witnesses.
- D. **Changes** - Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or estop the Company from asserting any rights under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by endorsement issued by the Company to form a part of this Policy.
- E. **Voluntary Payments** -, Except with respect to **Clean-Up Costs** incurred by the **Scheduled Contractor**, no **Insured** shall voluntarily enter into any settlement, or make any payment or

assume any obligation unless in response to an emergency or pursuant to **Environmental Laws** that require immediate remediation of **Pollution Conditions** or **Pollutants**, without the Company's consent which shall not be unreasonably withheld, except at the **Insured's** own cost. However, this condition shall not apply to **Clean-Up Costs** otherwise covered under Coverages B and C.

- F. **Concealment or Fraud** - Subject to Section VI P. Separation of Insureds, this entire Policy shall be void as of its inception if, whether before or after **Clean-Up Costs** are incurred or a **Claim** is first made, the **Named Insured** has willfully concealed or misrepresented any fact or circumstance material to the granting of coverage under this Policy, the description of the **Insured Property**, or the interest of the **Insured** therein.
- G. **Cancellation** - This Policy may be cancelled by the **Named Insureds** listed in Item No. 1 of the Declarations by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective; provided, however, that all of the **Named Insured(s)'s** consent in advance in writing to such cancellation. The Policy may be cancelled by the Company only for the reasons stated below by mailing to the **Named Insureds** listed in Item 1 of the Declarations at the address shown in the Policy, written notice stating when not less than 60 days (10 days for nonpayment of premium) thereafter such cancellation shall be effective. Proof of mailing of such notice shall be sufficient proof of notice. The Company shall concurrently provide copies of the aforesaid notice of cancellation to all **Named Insureds** identified in Item 1 of the Declarations. If during the sixty (60) day (10 days for nonpayment of premium) notice period referenced in this Paragraph the **Insured** is able to timely cure the reasons for cancellation of this Policy, within the reasonable discretion of the Company, cancellation will be rescinded and coverage under the Policy shall remain in full force and effect:
1. Material misrepresentation by the **Insured** that prejudices the Company;
  2. The **Insured's** failure to comply with the material terms, conditions or contractual obligations under this Policy that materially prejudices the Company;
  3. Failure to pay any premium when due or failure to reimburse any portion of the Self Insured Retention advanced by the Company when due; or
  4. A material change in use of the **Insured Property** or any **Insured Parcel** during the **Policy Period**, which results in a use which is different from the **Intended Use**

The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice either by the **Named Insured** or by the Company shall be equivalent to mailing. Notwithstanding the foregoing, in the event that a material change in use takes place at a particular **Insured Parcel(s)**, cancellation shall only apply to such particular **Insured Parcel**; provided further that no return premium shall be due as a result of cancellation as to a particular **Insured Parcel(s)**. In the event of nonpayment of premium, the Company's sole remedy shall be cancellation of this policy pursuant to this Section VI.G.

In the event of cancellation, the return premium payable to **FORA** shall only be the balance of the Notional Commutation Account as established pursuant to Section VI.R. below minus any **Clean-Up Costs** reserved by the Company; provided, however, that in the event that the **ESCA** has been terminated pursuant to Section D.8.2(1) of the **ESCA** and the balance of the Notional Commutation Account is positive, the return premium payable to **FORA** shall be: (1) the amount credited to the Notional Commutation Account, in accordance with Section VI. R.

below, less any **Clean-Up Costs** paid and reserved by the Company; plus (2) fifty percent (50%) of the difference between the amount credited to the Notional Commutation Account upon payment of the first installment premium and the amount of the first premium installment as set forth in Section VI.T.

Any return of a balance of the Notional Commutation Account by the Company pursuant to the foregoing shall only be made in return for a complete release of the Company of all liability under this Policy, whether known or unknown. Further, if this Policy has been relied upon by any **Governmental Authority** or other governmental entity as an instrument of financial assurance, the Company shall not have any obligation to pay **FORA** any remaining balance of the Notional Commutation Account as set forth above until such **Governmental Authority** or governmental entity has released the Company from any liability it has or may have under this Policy, whether known or unknown, or until the **Named Insured** has established, to the reasonable satisfaction of the Company, that alternative financial assurance has been provided.

**H. Other Insurance** – Where other insurance or surety bonds may be available for **Loss** or **Clean-Up Costs** covered under this Policy, the **Insured** shall promptly upon request of the Company provide the Company with copies of all such policies. If other valid and collectible insurance is available to the **Insured** for **Loss** or **Clean-Up Costs** covered by this Policy, the Company's obligations are limited as follows:

1. This insurance is primary, and the Company's obligations are not affected unless any of the other insurance is also primary. In that case, the Company will share with all such other insurance by the method described in Paragraph 3. below.
2. Solely with respect to Coverages B and C, this insurance is primary, except that this insurance shall be excess over any other insurance or any surety bonds that may be primary, and the Company's obligations are not effected unless any of the other insurance is also excess. In that case, the Company will share with all such other insurance by the method described in paragraph 3. below.
3. If all of the other insurance permits contribution by equal shares, the Company will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, the Company will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.
4. Notwithstanding the foregoing subparagraphs 1. through 3., this insurance is primary to and unaffected by any contractor's pollution liability policy issued by the Company or one of its affiliates to any **Scheduled Contractor**.

**I. Right of Access and Inspection** – To the extent the **Insured** has such rights, any of the Company's authorized representatives shall have the right and opportunity but not the obligation to interview persons employed by the **Insured** and to inspect at any reasonable time, during the **Policy Period** or thereafter, the **Insured Property**. Neither the Company nor its representatives shall assume any responsibility or duty to the **Insured** or to any other party, person or entity, by reason of such right or inspection. Neither the Company's right to make inspections, sample and monitor, nor the actual undertaking thereof nor any report thereon shall constitute an undertaking on behalf of the **Insured** or others, to determine or warrant that property or operations are safe, healthful or conform to acceptable engineering

practices or are in compliance with any law, rule or regulation. The **Named Insured** agrees to provide appropriate personnel to assist the Company's representatives during any inspection.

- J. **Access to Information** - The **Named Insured** agrees to provide the Company with access to any information developed or discovered by the **Insured** concerning **Loss** or **Clean-Up Costs** covered under this Policy, whether or not deemed by the **Insured** to be relevant to such **Loss** or **Clean-Up Costs** and to provide the Company access to interview any **Insured** and review any documents of the **Insured**.
- K. **Representations** - By acceptance of this Policy, the **Named Insured** agrees that the statements in the Declarations and the warranty application are their agreements and representations, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between the **Insured** and the Company or any of its agents relating to this insurance.
- L. **Action Against Company** - No third-party action shall lie against the Company, unless as a condition precedent thereto there shall have been full compliance with all of the terms of this Policy, nor, with respect to Coverage A, until the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by the Policy. No person or organization shall have any right under this Policy to join the Company as a party to any action against the **Insured** to determine the **Insured's** liability, nor shall the Company be impleaded by the **Insured** or his legal representative. Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve the Company of any of its obligations hereunder.

- M. **Arbitration** - Upon the mutual consent of the Company and the **Named Insureds** affected by any dispute under this Policy, all disputes or differences that may arise under or in connection with this Policy, whether arising before or after termination of this Policy, including any determination of the amount of **Loss** as to the **Claim** or matter being arbitrated (other than those subject to Section IV.C. of this Policy), may be submitted to the American Arbitration Association under and in accordance with its then prevailing commercial arbitration rules. The arbitrators shall be chosen in the manner and within the time frames provided by such rules. If permitted under such rules, the arbitrators shall be three disinterested individuals having knowledge of the legal, corporate management, or insurance issues relevant to the matters in dispute.

Subject to the mutual consent of the Company and the **Named Insured** affected by any dispute under this Policy, any party may commence such arbitration proceeding and the arbitration shall be conducted in Monterey County, California. The arbitrators shall give due consideration to the general principles of the law of the State of California in the construction and interpretation of the provisions of this Policy; provided, however that the terms, conditions, provisions and exclusions of this Policy are to be construed in an evenhanded fashion as between the parties.

The written decision of the arbitrators shall set forth its reasoning, shall be provided simultaneously to both parties and shall be binding on them. The arbitrators' award shall not include attorney fees or other costs. Judgment on the award may be entered in any court of competent jurisdiction. Each side shall bear equally the expenses of the arbitrations.

**N Service Of Suit** - It is agreed that in the event of failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the **Insured**, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon General Counsel, Legal Department, American International Specialty Lines Insurance Company, 70 Pine Street, New York, NY 10270, or his or her representative, and that in any suit instituted against the Company upon this contract, the Company will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, the Company hereby designates the Superintendent, Commissioner, Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the **Insured** or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the above named General Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

**O. Acknowledgment of Shared Limits** – By acceptance of this Policy, the **Named Insureds** understand, agree and acknowledge that the Policy contains a Policy Aggregate Limit that is applicable to, and will be shared by, all **Named Insureds** and all other **Insureds** who are or may become insured hereunder. In view of the operation and nature of this shared Policy Aggregate Limit, the **Named Insureds** and all other **Insureds** understand and agree that prior to filing a **Claim** under the Policy, the Policy Aggregate Limit may be exhausted or reduced by prior payments for other **Claims** under the Policy.

**P. Separation of Insureds** - It is hereby agreed that except with respect to the Limit of Liability, Section II. 1. E. (Insured vs. Insured exclusion), and any rights and duties specifically assigned to the first **Named Insured**, this insurance applies: 1. As if each **Named Insured** were the only **Named Insured**; and 2. Separately to each **Named Insured** against whom a **Claim** is made. Misrepresentation, concealment, breach of a term or condition, or violation of any duty under this Policy by one **Named Insured** shall not prejudice the interest of coverage for another **Named Insured** under this Policy. Provided, however, that this Condition shall not apply to any **Named Insured** who is a parent, subsidiary or affiliate of the first **Named Insured**.

**Q. Financial Assurance** – This Policy may be not be used as evidence of financial assurance without the advance written consent of the Company, which consent shall be at the Company's sole discretion; provided, however that the Policy may be used as evidence of the satisfaction of the financial security requirements of Section 4.1.9 of the **ESCA**. In no event shall such use of the Policy confer any rights under the Policy or impose any obligation upon the Company to any third party, including, but not limited to, any **Governmental Authority** or the U.S Department of the Army.

**R. Notional Commutation Accounts.** The Company shall establish a Notional Commutation Account the balance of which shall be calculated as follows:

1. \$23,057,066 upon payment of the first premium installment in accordance with Section VI.T. below; plus

2. \$27,868,571 upon payment of the second premium installment in accordance with Section VI.T. below; provided, however, that in the event that the second premium installment is paid prior to June 1, 2008, the foregoing amount shall be reduced by \$3,808 for each day prior to June 1, 2008 that the second premium installment is received by the Company; plus
3. \$21,857,799 upon payment of the third premium installment in accordance with Section VI.T. below; provided, however, that in the event that the third premium installment is paid prior to June 1, 2009, the foregoing amount shall be reduced by \$2,845 for each day prior to June 1, 2009 that the third premium installment is received by the Company; plus
4. Funds Growth credited as per below; plus
5. Subrogation recoveries for **Clean-Up Costs** paid under Coverages A, B and C; less
6. 100% of **Clean-Up Costs** and **Loss** paid by the Company under Coverages A, B or C.

Notwithstanding the foregoing, if, at the time of the payment of any premium installment, the Company has made payments of **Clean-Up Costs** and **Loss** under Coverages A, B, and/or C in excess of the balance of the Notional Commutation Account, the amount credited to the Notional Commutation Account upon payment of such premium installment shall be reduced by the amount of such payments made by the Company in excess of the balance of the Notional Commutation Account.

Funds Growth: The Notional Commutation Account, if positive, will earn interest at an annual rate equal to the 1 year Constant Maturity Treasury (CMT) Rate yield prevailing on the day the premium is paid to the Company. The CMT will be updated annually as of the anniversary date of policy inception.

Partial Commutation: Upon **Project Completion**, the **Named Insured** under Coverages B and C may elect to commute coverage under Coverages B and C for all **Clean-Up Costs** by providing written notice thereof to the Company and to the **Named Insured FORA**. If the **Named Insured** elects such partial commutation, the Company will continue to retain 30% of the balance of the Notional Commutation Account in the Notional Commutation Account; provided, however, that such retained amount shall not exceed \$500,000, whereupon such retained amount shall thereafter be applied to **Loss** incurred under Coverage A pursuant to the terms of this Policy. The Company will pay the remainder of the balance of the Notional Commutation Account to the **Named Insured** under Coverages B and C. Payment by the Company shall only be made in return for a complete release of all liability for **Clean-Up Costs**, whether known or unknown, under Coverages B and C. Further, if this Policy has been relied upon by any **Governmental Authority(s)** or other governmental entity as an instrument of financial assurance, the Company shall not have any obligation to pay to the **Named Insureds** any remaining balance of the Notional Commutation Account as set forth above until the applicable **Governmental Authority(s)** and/or other governmental entity has released the Company from any obligation to pay **Clean-Up Costs**, whether known or unknown, under Coverages B and C or until the **Named Insured(s)** have established, to the satisfaction of the Company, in its sole discretion, that alternative financial assurance has been provided.

Pilot Project Cost Savings Commutation: In the event that the **Named Insured** under Coverages B and C and the **Named Insured FORA** provide joint written notice to the Company, accompanied by supporting documentation reasonably acceptable to the Company, that the standard MEC clearance to depth protocol has been approved by the applicable **Governmental Authority(s)**, the Company shall pay to the **Named Insured FORA** from the Notional Commutation Account balance the amount of the **Pilot Project Cost Savings** in exchange for a complete release under all coverages by all **Named Insureds** of all liability for **Clean-Up Costs** for **Clean-Up** beyond the standard MEC clearance to depth protocol, whether

known or unknown. Such release will be effective regardless of whether **Clean-Up** beyond the standard MEC clearance to depth protocol is later required by any **Governmental Authority**. However, the maximum amount payable from the Notional Commutation Account balance pursuant to this provision shall be calculated as follows: \$9,126.55 x (519 minus the number of acres subject to the Pilot Project, as that term is defined in the **ESCA**).

Final Commutation: At any time after the second (2<sup>nd</sup>) anniversary of the **Inception Date**, all **Named Insureds** may jointly elect to commute coverage under this Policy by providing written notice thereof to the Company. In such event, the Company will pay the balance of the Notional Commutation Account to any **Named Insured** specified in the aforesaid notice if so directed in such notice from all **Named Insureds**. Payment by the Company shall only be made in return for a complete release of the Company of all liability under this Policy, whether known or unknown. Further, if this Policy has been relied upon by any **Governmental Authority** or other governmental entity as an instrument of financial assurance, the Company shall not have any obligation to pay the **Named Insureds** any remaining balance of the Notional Commutation Account as set forth above until such **Governmental Authority** or governmental entity has released the Company from any liability it has or may have under this Policy, whether known or unknown, or until the **Named Insured** has established, to the reasonable satisfaction of the Company, that alternative financial assurance has been provided.

Final Release of Notional Commutation Account: Upon March 30, 2022, the Company shall release any remaining balance of the Notional Commutation Account to the **Named Insured FORA**.

- S. Sale or Transfer of the Insured Property** (Coverages B and C only) - In the event that control of the **Remedial Plan** is relinquished by the **Named Insured** or an **Insured Property** is sold or ownership or operational control is transferred by the **Named Insured** prior to the completion of the **Clean-Up** to which this Policy applies, this Policy shall remain in full force and effect, subject to its terms and conditions only if:
1. The Company receives written notification at least forty-five (45) days prior to the effective date of such sale or transfer and consents to the sale or transfer, which consent shall not be unreasonably withheld; and
  2. The new owner or operator of the **Insured Property** fully complies with all applicable conditions, duties and obligations set forth in this Policy.
- T. Payment of Premium** – The policy premium shall be paid in three installments:
- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
  - b) The second premium installment of \$28,500,000 shall be paid on or before June 1, 2008; provided, however, that in the event that the second premium installment is paid prior to June 1, 2008, the amount of the second premium installment due shall be reduced by \$5,283 for each day prior to June 1, 2008 that the second premium installment is received by the Company.
  - c) The third premium installment of \$22,825,131 shall be paid on or before June 1, 2009; provided, however, that in the event that the third premium installment is paid

prior to June 1, 2009, the amount of the third premium installment due shall be reduced by \$4,064 for each day prior to June 1, 2009 that the third premium installment is received by the Company.

Failure to pay any policy premium installment required above when due shall constitute failure to pay premium pursuant to Section VI. G. Cancellation above.

**U. Cost Cap Additional Insured** -- A Cost Cap Additional Insured scheduled below shall become the **Named Insured** under Coverages B and C only in the event the Cost Cap Additional Insured becomes responsible for the execution of the **Remedial Plan** due to the occurrence of any of the following:

- i) Receipt by the Company of a written request, consented to by all Cost Cap Additional Insureds scheduled below and the **Named Insured** under Coverages B and C, to remove the **Named Insured** listed in Item 1. of the Declarations from the Policy and to replace a Cost Cap Additional Insured as the **Named Insured** under Coverages B and C; or
- ii) Receipt by the Company of a written certificate from the **Named Insured FORA** stating that an LFR Default by the **Named Insured LFR** under the **Remediation Services Agreement** has occurred, which certificate is either countersigned by and asserted to by the **Named Insured LFR** or is accompanied by a final judgment or a certificate from an arbitrator pursuant to the dispute resolution provisions of the **Remediation Services Agreement** confirming that such an Event of Default has occurred and was not timely cured by the **Named Insured LFR**. The Company shall be entitled to rely on such certification and shall not be held liable by any **Insured** based upon such reliance

Further, in the event any of the foregoing is satisfied and a Cost Cap Additional Insured becomes the **Named Insured** under Coverages B and C:

- a) The Cost Cap Additional Insured first listed below shall become the **Named Insured** under Coverages B and C, or another Cost Cap Additional Insured agreed upon by the Company and all Cost Cap Additional Insureds scheduled below shall become the **Named Insured** under Coverages B and C.
- b) The Cost Cap Additional Insured who becomes the **Named Insured** shall assume all the responsibilities of the **Named Insured** under Coverages B and C, including, but not limited to, providing **Clean-up Progress Reports**, reporting the discovery of new **Pollutants**, or increases in the concentration or disbursement of known **Pollutants**, responsibility for receipt and acceptance of endorsements to the Policy and giving and receiving notice of cancellation.
- c) The Company shall have the right but not duty to perform, manage or undertake **Clean-Up** and the right to approve any new **Scheduled Contractor**. Any sums expended in taking such action by the Company will be deemed incurred or expended by the **Insured** and shall be applied against the limits of coverage under this Policy. Nothing done by the Company in executing its rights shall result in liability in excess of the Limits of Liability stated in Item 4. of the Declarations.

The addition of any below listed entity(s) as a **Named Insured** under Coverages B and C shall not change the Limits of Liability, the **Remedial Plan** or any terms or conditions of the Policy.

Cost Cap Additional Insured(s)

**FORA**

- V. **Default by FORA/LFR** – In the event that: (a) **FORA** becomes the **Named Insured** under Coverages B and C pursuant to Section VI.U. above and thereafter is in default of its obligation to perform **Clean-Up** as required by the **ESCA** or (b) **FORA** is unable or unwilling to become the **Named Insured** under Coverages B and C although either of the conditions (i) or (ii) for **FORA** to do so pursuant to Section VI.U. have been met, then the U.S. Department of the Army shall have the right but not the duty to request that a qualified contractor become the **Named Insured** under Coverage B and C, and such contractor shall become the **Named Insured** subject to the Company's prior written approval, which approval shall not be unreasonably denied or delayed. The contractor who becomes the **Named Insured** shall assume all the responsibilities of the **Named Insured** under Coverages B and C, including, but not limited to, providing **Clean-up Progress Reports**, reporting the discovery of new **Pollutants**, or increases in the concentration or disbursement of known **Pollutants**, responsibility for receipt and acceptance of endorsements to the Policy and giving and receiving notice of cancellation. The addition of such contractor as the **Named Insured** under Coverages B and C shall not change the Limits of Liability, the **Remedial Plan** or any terms or conditions of the Policy.
- W. **Addition of Named Insureds** – Upon the written request of FORA, the Company shall add any municipality or county who has acquired title to an **Insured Parcel** as a **Named Insured** under Coverage A, but solely with respect to that **Insured Parcel**. The addition of any such entity as a **Named Insured** shall not be effective until endorsed onto the Policy.
- X. **Condition of Payment** -- It is hereby agreed that any payment under this Policy shall only be made in full compliance with all United States of America economic and trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").
- Y. **Authorship** -- The Company and the **Insured** agree that this Policy reflects the joint drafting efforts of the Company and the **Insured**. In the event any dispute, disagreement or controversy arises regarding this Policy, the parties hereto agree that they shall be considered joint authors and no provision shall be interpreted against the Company or the **Insured** because of authorship. The Company and the **Insured** also agree that they are fully informed as to the meaning and intent of this Policy and have been advised by counsel in that regard.

**VII. DEFINITIONS**

- A. **AOC** means the Administrative Order on Consent for Clean-Up of Portions of the Former Ft. Ord dated December 20, 2006.
- B. **Bodily Injury** means physical injury, or sickness, disease, mental anguish or emotional distress, sustained by any person, including death resulting therefrom.
- C. **Claim** means a written demand received by the **Insured** seeking a remedy or alleging liability or responsibility on the part of the **Insured** for **Loss** under Coverage A.

**D. Clean-Up means:**

1. With respect to Coverage B, those activities undertaken by a **Scheduled Contractor** pursuant to the execution of the **Remedial Plan**, and in the event of termination of the **ESCA** pursuant to Section D.8.2(1) thereof, reasonable demobilization activities; and
2. With respect to Coverage C (i) preparation of a supplementary remedial plan including the associated investigation of **Pollutants** that are not **MEC**, subject to the sub-limit set forth in Section V. Paragraph D.2.; and (ii) habitat assessments or other related investigations or evaluations pertaining to endangered species required by a **Governmental Authority**; or (iii) activities undertaken by or on behalf of a **Scheduled Contractor** pursuant to the removal, disposal, treatment (including in situ treatment) or neutralization of **Pollutants** that are not **MEC**, to the standard governing the **Intended Use** of the **Insured Property** and anticipated in the **Remedial Plan**; and
3. **Clean-Up** also includes (a) any unscheduled activities that the Company has consented to in advance in writing at its sole discretion, (b) stipulated penalties payable pursuant to the **AOC** up to a maximum of \$350,000 total for all such penalties, or (c) any unscheduled activities that are required by a modification of the **Remedial Plan** provided such modification meets the requirements of exception 1. or 2. of the exclusion set forth in Section II. 3. I..

**E. Clean-Up Costs means:**

1. With respect to Coverage A, reasonable and necessary expenses, including legal expenses incurred with the Company's written consent which consent shall not be unreasonably withheld or delayed, for the investigation, removal, remediation including associated monitoring, or disposal of soil, surfacewater, sediment, groundwater or other contamination:
  - (a) To the extent required by **Environmental Laws** or required to satisfy a **Voluntary Cleanup Program**; or
  - (b) solely with respect to **Munitions or Explosives of Concern**, to the extent required by the **ESCA** or the **AOC**; or
  - (c) That have been actually incurred by the government or any political subdivision of the United States of America or any state thereof or Canada or any province thereof.
2. With respect to Coverage B, reasonable and necessary costs, charges, and expenses incurred for **Clean-Up**;
3. With respect to Coverage C, reasonable and necessary costs, charges, and expenses incurred for **Clean-Up**.
4. Solely with respect to Coverages B and C, **Clean-Up Costs** does not include:
  - (a) Costs, charges or expenses incurred for litigation, arbitration or other form of dispute resolution in any way related to or in connection with **Clean-Up**, including fees of attorneys, consultants, investigators, adjusters and experts, unless otherwise expressly consented to in writing and in advance by the Company and specifically included in the Definition of Clean-Up Endorsement;

or

- (b) Costs, charges or expenses expended in preparation of the **Remedial Plan**; provided, however, the sub-limit of liability described in Section V., Paragraph D.2, shall apply to reasonable and necessary costs, charges or expenses expended in preparation of a supplementary remedial plan and the associated investigation of **Pollutants** that are not **MEC** under Coverage C; or
  - (c) Personnel costs, charges or expenses in excess of those specified in the **Rate Schedule** unless such costs, charges or expenses are incurred with the prior written approval of the Company.
  
- F. **Clean-Up Cost Progress Reports** means reports completed by the **Insured** which summarize **Clean-Up** activities performed and anticipated to be performed and the costs and estimated costs of those activities in accordance with the requirements of the **Remedial Plan**. The reports must be completed by the **Named Insured** under Coverages B and C and submitted to the Company at the time intervals prescribed in Item 10 of the Declarations.
  
- G. **Clean-Up Schedule** means the schedule of activities and corresponding general timeframes that are to be performed by a **Scheduled Contractor** in the execution of the **Remedial Plan** as set forth in the Fort Ord ESCA Schedule dated 3/09/07, Exhibit C to the **Remedial Plan**.
  
- H. **Continuity Date** means the **Inception Date**.
  
- I. **Environmental Laws** means any federal, state, provincial or local laws (including, but not limited to, statutes, rules, regulations, ordinances, permits, guidance documents, and governmental, judicial or administrative orders and directives, whether issued pursuant to the **AOC** or otherwise) that are applicable to **Pollution Conditions**; provided, however, that **Environmental Laws** shall not include laws, statutes, rules, regulations, ordinances, guidance documents, and governmental, judicial or administrative orders and directives promulgated or issued by the U.S. Department of the Army, **FORA** or any county, municipality or other governmental entity which becomes a **Named Insured** under this Policy..
  
- J. **ESCA** means the Environmental Services Cooperative Agreement between the U.S. Department of the Army and **FORA** dated March 30, 2007.
  
- K. **FORA** means Fort Ord Reuse Authority, or, with the prior written consent of the Company, its successors or assigns as provided in Section 5.2 of the **ESCA**.
  
- L. **Governmental Authority(s)** means the Environmental Protection Agency, the California Department of Toxic Substances Control, the US Fish and Wildlife Service, the California Department of Fish and Game and any other governmental authority with direct regulatory authority over **Clean-Up** at the **Insured Property**; provided, however, that **Governmental Authority(s)** shall not include the U.S. Department of the Army, **FORA** or any county, municipality or other governmental entity which becomes a **Named Insured** under this Policy.
  
- M. **Inception Date** means the first date set forth in Item 2 of the Declarations.
  
- N. **Insured** means the **Named Insured**, and any past or present director, officer, board member, partner or employee thereof, including a temporary or leased employee, while acting within the scope of his or her duties as such.

- O. **Insured Contract** means a contract or agreement submitted to and approved by the Company, and listed on an Endorsement to this Policy.
- P. **Insured Parcel** means all of the parcels that are collectively identified on a single map on each of Maps 1 through 9 located on the **Insured Property** as identified in ESCA Parcels by HMP Categories - Maps 1 through 9 prepared by MACTEC and attached to the Schedule of Insured Property(s) Endorsement.
- Q. **Insured Property** means the locations identified in the Insured Property Endorsement.
- R. **Intended Use** means the corresponding proposed future use designated for each particular parcel, or portion of each particular parcel, as identified in ESCA Parcels by HMP Categories - Maps 1 through 9 prepared by MACTEC and attached to the Schedule of Insured Property(s) Endorsement.
- S. **LFR** means LFR Inc.
- T. **Loss** means: 1. Costs, charges and expenses incurred in the defense, investigation or adjustment of **Claims for Clean-Up Costs**; or 2. **Clean-Up Costs**.
- U. **Remediation Services Agreement** means that certain Remediation Services Agreement by and between FORA and LFR dated March 30, 2007.
- V. **Munitions and Explosives of Concern** or **MEC** shall have the meaning given to such term in the **ESCA**, but shall, for purposes of this Policy, also include "Munitions Constituents" as such term is defined in the **ESCA** and shall also include lead in soils resulting from structures on the **Insured Property**, which are to be demolished pursuant to the **Remedial Plan**.
- W. **Named Insured** means the entities listed in Item 1 of the Declarations,, acting on behalf of all other **Insureds**, if any, for the payment or return of any premium, payment of any self-insured retention, receipt and acceptance of any endorsement issued to form a part of this Policy, giving and receiving notice of cancellation or nonrenewal.
- X. **Natural Resource Damage** means physical injury to or destruction of, including the resulting loss of value of, land, fish, wildlife, biota, air, water, groundwater, drinking water supplies, and other such resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States (including the resources of the fishery conservation zone established by the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.)), any state or local government, any foreign government, any Indian tribe, or, if such resources are subject to a trust restriction on alienation, any member of an Indian tribe.
- Y. **Operable Unit Closeout Determination** means, with respect to an **Operable Unit**, receipt of **Site Closeout** of all **Insured Parcels** which are located within that particular **Operable Unit**.
- Z. **Operable Unit** means each of the four primary groupings (Groups 1 through 4) as identified in the **Remedial Plan** as constituted on **Inception Date**..
- AA. **Pilot Project Cost Savings** means "Pilot Project Cost Savings" as defined in the **ESCA**.
- BB. **Policy Period** means the period set forth in Item 2 of the Declarations for the applicable coverage(s), or any shorter period arising as a result of:

1. Cancellation of this Policy; or
2. With respect to particular **Insured Property(s)** or **Non-Owned Location(s)** designated in the Declarations, the deletion of such location(s) from this Policy by the Company at the **Named Insured's** written request, but solely with respect to that **Insured Property** or **Non-Owned Location**.

**CC. Pollution Conditions** means the discharge, dispersal, release or escape of any **Pollutants** into or upon land, or any structure on land, the atmosphere or any watercourse or body of water, other than groundwater but including surface water or sediments provided that such conditions are not naturally present in the environment in the amounts or concentrations discovered. **Pollution Conditions** shall include the existence of **MEC** on or under the **Insured Property** prior to the **Inception Date**.

**DD. Pollutants** means wastes and any solid, liquid, gaseous or thermal irritant or contaminant, including, soot, acids, alkalis, medical waste or toxic chemicals that were on or under the **Insured Property** prior to the **Inception Date**. **Pollutants** also includes **MEC** that existed on or under the **Insured Property** prior to the **Inception Date**.

**EE. Project Completion** means the receipt of a **Site Closeout** for the entire **Insured Property**.

**FF. Property Damage** means:

1. Physical injury to or destruction of tangible property, including the resulting loss of use and diminution in value thereof;
2. Loss of use and diminution in value of tangible property that has not been physically injured or destroyed; and
3. **Natural Resource Damage**.

**Property Damage** does not include **Clean-Up Costs**.

**GG. Rate Schedule** means the rate schedules as set forth in the LFR/Weston Rate Schedule 2007 dated March 23, 2007 on file with the Company; provided, however, that such rates may be adjusted, on an annual basis, at the beginning of the first calendar year after **Inception Date**, by a **Scheduled Contractor(s)** for personnel utilized by that **Scheduled Contractor** as such **Scheduled Contractor** is adjusting their standard hourly rates for remediation projects in California; provided, however, the hourly rates charged for each category of personnel shall not increase annually by more than the greater of: (1) the prevailing wage rate applicable to each category of personnel, or, with respect to professional service categories not subject to prevailing wage rates, 4.2%; or (2) the annual change in the Consumer Price Index -- All Consumers as published in the Wall Street Journal for such calendar year or any comparable index published in such other national news publication agreed to by the **Named Insured** under Coverages B and C and the Company; or (3) the annual change in prevailing wage rates required to be charged for such category of personnel under and pursuant to the McNamara-O'Hara Service Contract Act.

**HH. Remedial Plan** means the "Remedial Plan, MEC Remediation Program, Fort Ord Early Transfer/Environmental Services Cooperative Agreement Project, Fort Ord, California"

document attached to and forming part of this Policy and any modifications thereto required by a **Governmental Authority** subject to the terms of Section II.3.I hereof.

- II. **Responsible Insured** means the manager or supervisor of the applicable **Named Insured** responsible for environmental affairs, control or compliance, or any manager of the **Insured Property** that is an employee of a **Named Insured**, or any officer, director or partner of the **Named Insured**.
- JJ. **Scheduled Contractor** means a remediation contractor approved by the Company and scheduled on the Definition of Scheduled Contractor Endorsement.
- KK. **Site Closeout** shall have the meaning given to such term in the **ESCA**.
- LL. **Termination Date** means, with respect to Coverages B and C, the earliest of the following:
  - (a) the date set forth in Item 9 of the Declarations;
  - (b) The ending date of the period set forth in Item 2 of the Declarations;
  - (c) The date the Limit of Liability shown in Item 3 of the Declarations for Coverages B and C is exhausted;
  - (d) The date the **Named Insured** receives **Operable Unit Site Closeout Determination** for an **Operable Unit**, but solely with respect to that particular **Operable Unit**;
  - (e) **Project Completion**; or
  - (f) Cancellation of the Policy pursuant to Section VI., paragraph G.

The **Termination Date** shall not be extended by the exercise of any rights held by a governmental entity or quasi-governmental entity to reopen, reconsider or otherwise cause the **Insured** to perform **Clean-Up** after previously having approved or acknowledged that the **Remedial Plan** has been completed.

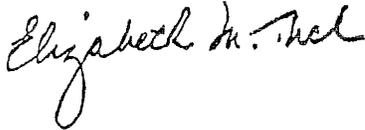
- MM. **Voluntary Cleanup Program** means a program of the United States or a state of the United States enacted pursuant to **Environmental Laws** which provides for a mechanism for the written approval of, or authorization to conduct, voluntary remedial action for the clean-up, removal or remediation of **Pollutants** or **Pollution Conditions** that exceed actionable levels established pursuant to **Environmental Laws**.

The remainder of this page has been intentionally left blank. Policy Signature Page shall immediately follow.

POLICY SIGNATURE PAGE

This Policy Signature Page,  
forms a part of Policy No: EPP 778 2507

By signing below, the President and the Secretary of the Insurer agree on behalf of the Insurer to all the terms of this Policy.



---

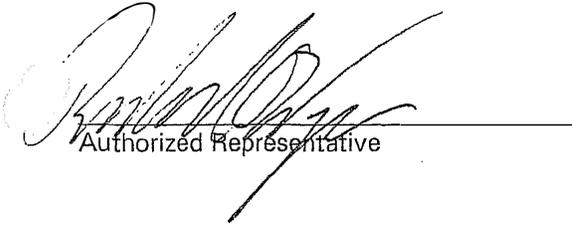
Secretary  
American International Specialty  
Lines Insurance Company



---

President  
American International Specialty  
Lines Insurance Company

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer, either below or on the Declarations page of the Policy.



---

Authorized Representative

AIG ENVIRONMENTAL

NOTICE OF LOSS/NOTICE OF CLAIM

INSTRUCTIONS: PLEASE ATTACH ALL CORRESPONDENCE RELATING TO THIS NOTICE OF LOSS AND MAIL COPIES OF THIS NOTICE TO EACH ADDRESS BELOW:

Manager, Pollution Insurance Products Unit  
AIG Domestic Claims, Inc.  
PIP Claims Department  
101 Hudson Street, 31<sup>st</sup> Floor  
Jersey City, NJ 07302  
Fax Number: 866-947-1377  
Email: PIPCLAIMS.reporting@aig.com

Date of Notice: \_\_\_\_\_

NAMED INSURED: \_\_\_\_\_ Telephone: ( ) \_\_\_\_\_  
Contact: \_\_\_\_\_

ADDRESS OF INSURED: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

BROKER NAME: \_\_\_\_\_ Telephone: ( ) \_\_\_\_\_  
Contact: \_\_\_\_\_

BROKER ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**POLICY INFORMATION:**

Policy Number: \_\_\_\_\_

Policy Period: From: \_\_\_\_\_ To: \_\_\_\_\_

**Loss Information:**

Loss Location: \_\_\_\_\_  
\_\_\_\_\_

Date & Description of Loss: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For AIG Use Only:

Date Claim Notice Received: \_\_\_\_\_

Date of Claim: \_\_\_\_\_

Company/Person Filing Suit (if applicable): \_\_\_\_\_

*NOTE: Any person who knowingly files a Statement of Claim containing any false or misleading information is subject to criminal and civil penalties.*

**ENDORSEMENT NO. 1**

This endorsement, effective 12:01AM, March 30, 2007  
Forms a part of Policy No: EPP 778 2507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS. CO.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**SCHEDULE OF INSURED PROPERTY(S) ENDORSEMENT**

It is hereby agreed that only the following locations are included in Item 5 of the Declarations as **Insured Property(s)**:

**Item 5: INSURED PROPERTY(S):**

The following Parcels as identified in the ESCA Parcels by HMP Categories - Maps 1 through 9 prepared by MACTEC and attached to this Endorsement:

Map 1 –East Garrison:

Parcel ID

- E11b.6.1
- E11b.7.1.1
- E11b.8
- L20.19.1.1

Map 2 – Development North (NE Parker Flats):

Parcel ID

- L20.2.1
- L5.7
- E19a.3
- E19a.4

Map 3 – Laguna Seca:

Parcel ID

- L20.5.1
- L20.5.2
- L20.5.3
- L20.5.4
- L20.3.1
- L20.3.2

Map 4 – Mout Site

Parcel ID

- F1.7.2
- L20.8

Map 5 – CSUMB Housing

Parcel ID

- S1.3.2

ENDORSEMENT NO. 1 (Continued)

Map 6 – Parker Flats – Page 1 of 2 (Above and below Cash Line)  
Parcel ID

- E18.1.1
- E18.1.2
- E18.1.3
- E18.4
- E19a.1
- E19a.2
- E19a.3
- E19a.4
- E19a.5
- E20c.2
- L23.2
- L20.18
- L32.1

Map 7 – Interim Action Range 43-48  
Parcel ID

- E38
- E39
- E40
- E21b.3
- E41
- E42

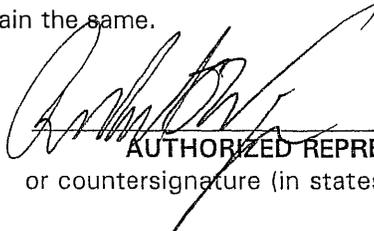
Map 8 – Seaside Development  
Parcel ID

- E24
- E34
- E23.1
- E23.2

Map 9 – Del Rey Oaks  
Parcel ID

- E29.1
- L20.13.1.2
- L20.13.3.1
- L6.2

All other terms, conditions, and exclusions shall remain the same.

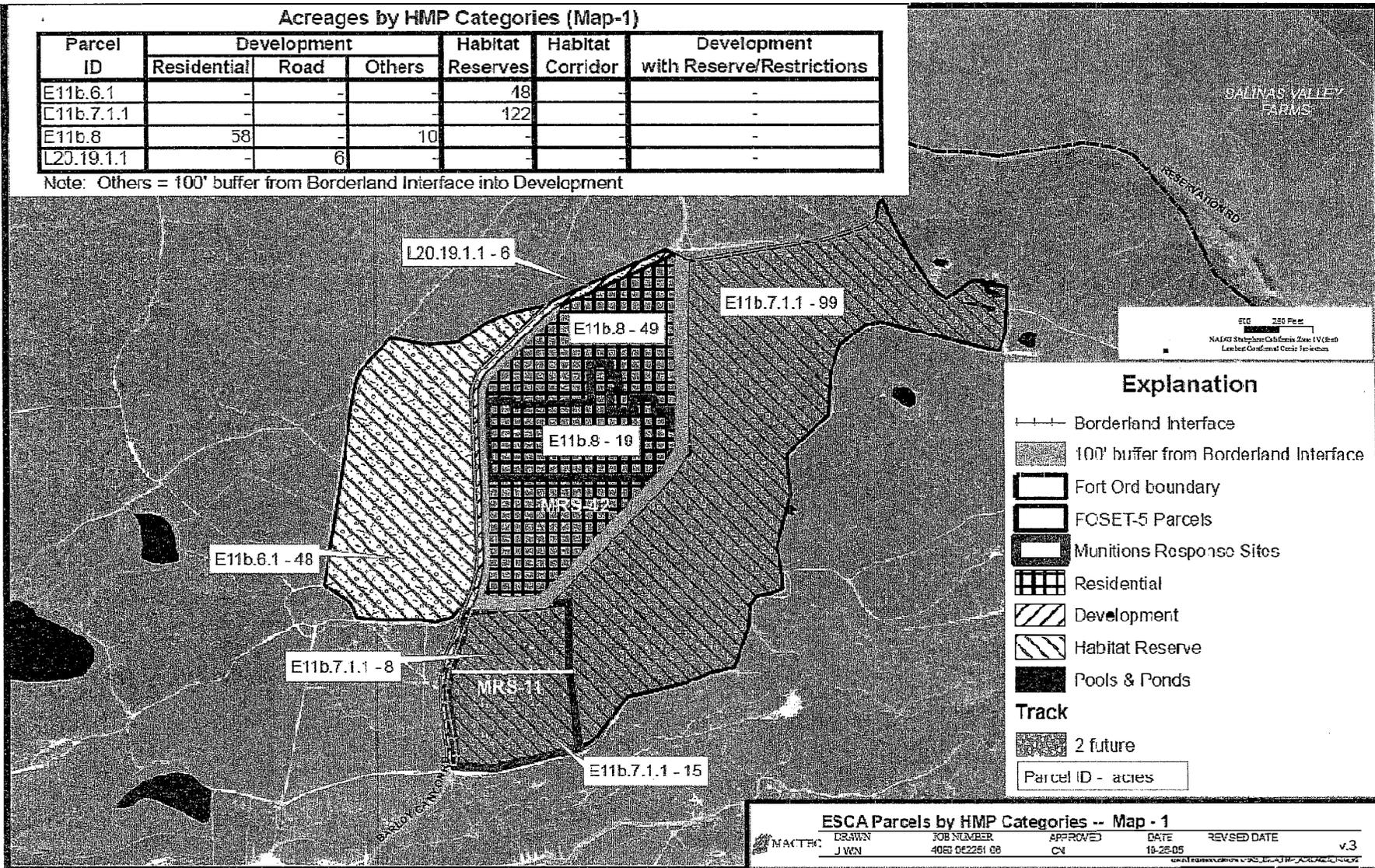
  
\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)



Acreeges by HMP Categories (Map-1)

Parcel ID	Development			Habitat Reserves	Habitat Corridor	Development with Reserve/Restrictions
	Residential	Road	Others			
E11b.6.1	-	-	-	48	-	-
E11b.7.1.1	-	-	-	122	-	-
E11b.8	58	-	10	-	-	-
L20.19.1.1	-	6	-	-	-	-

Note: Others = 100' buffer from Borderland Interface into Development

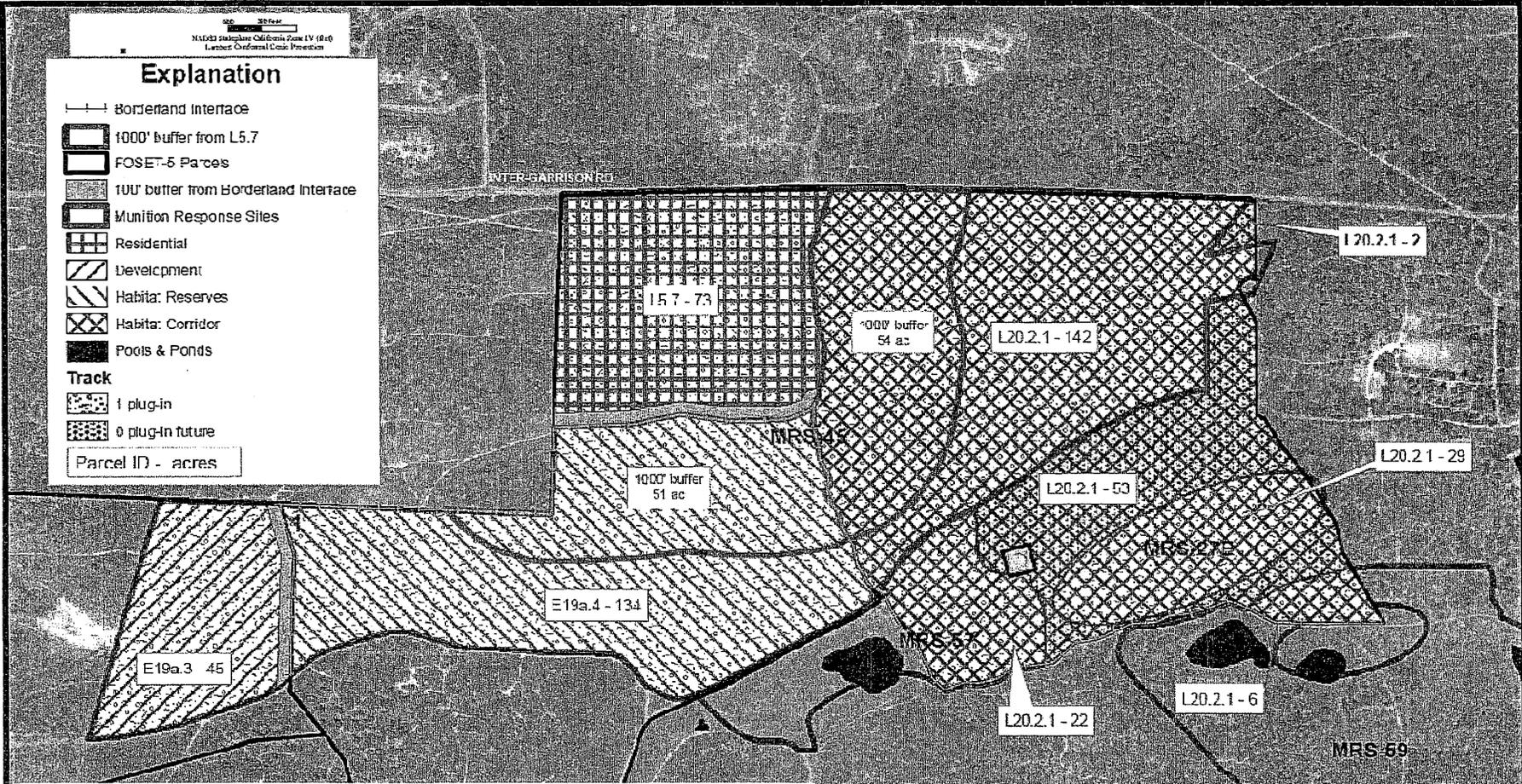


ESCA Parcels by HMP Categories -- Map - 1

MACTEC	DRAWN	JOB NUMBER	APPROVED	DATE	REVISED DATE	v.3
	JRN	4080 062261 08	CN	18-25-05		

### Explanation

- Borderland Interface
- 1000' buffer from L5.7
- FOSET-5 Parcels
- 100' buffer from Borderland Interface
- Munition Response Sites
- Residential
- Development
- Habitat: Reserves
- Habitat: Corridor
- Pools & Ponds
- Track**
- 1 plug-in
- 0 plug-in future
- Parcel ID - acres



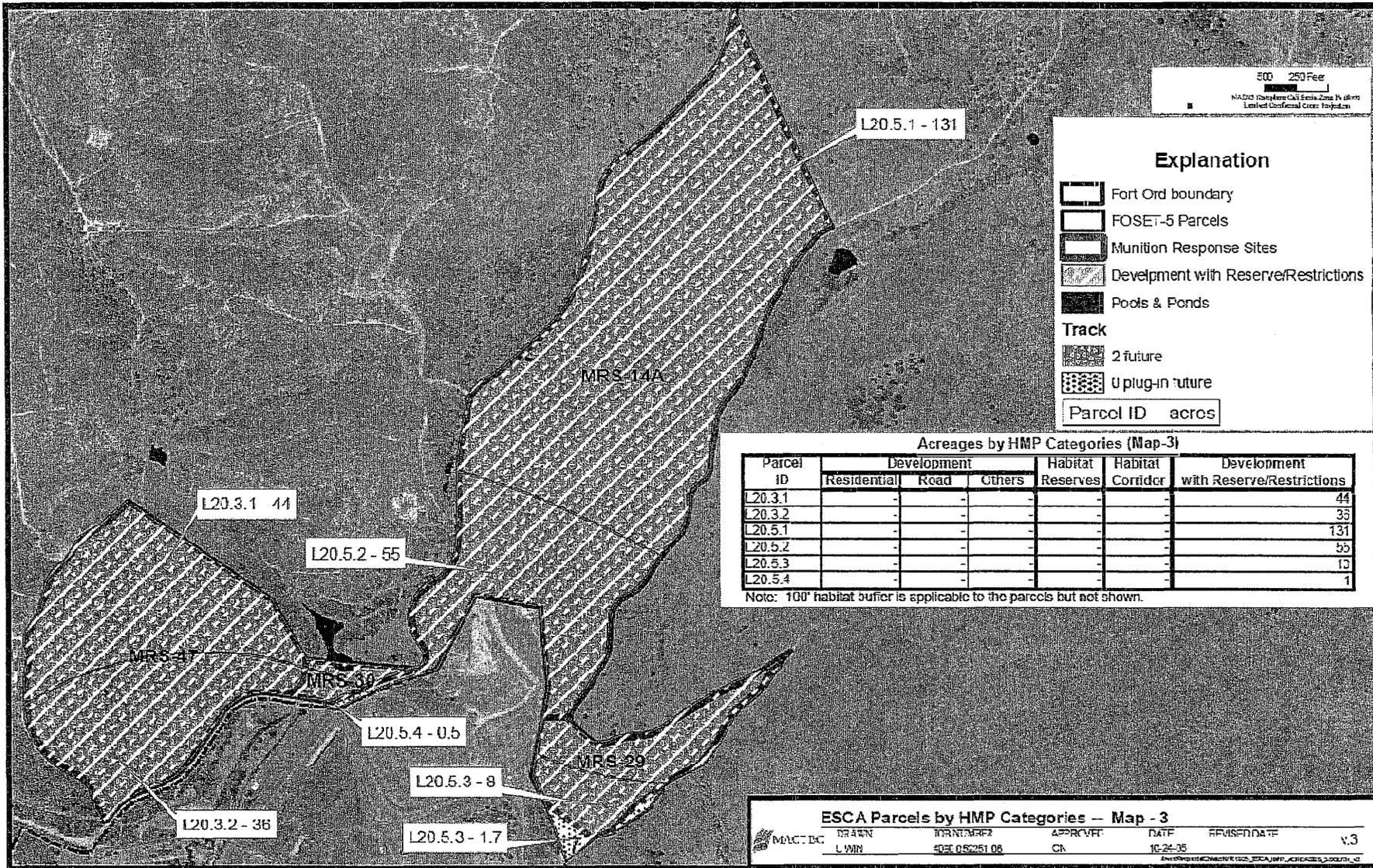
Acreages by HMP Categories (Map-2)

Parcel ID	Development			Habitat Reserves	Habitat Corridor	Development with Reserve/Restrictions
	Residential	Road	Others			
E19a.3	-	-	45	-	-	-
E19a.4	-	-	-	-	134	-
L5.7	68	-	5	-	-	-
L20.2.1	-	-	-	254	-	-

Note: Others = including 100' buffer from Borderland Interface into Development (5 ac in L5.7 and 3 ac in E18A.3)

### ESCA Parcels by HMP Categories -- Map - 2

	DRAWN	ICB NUMBER	APPROVED	DATE	REVISED DATE
	11/21/01	4080.052251.05	CM	10.28.05	v4



500 250 Feet  
 NAD83 (StatePlane CA3 FIPS) Zone 10, UTM  
 Limited Confidential Cross Projection

### Explanation

- Fort Ord boundary
- FOSET-5 Parcels
- Munition Response Sites
- Development with Reserve/Restrictions
- Pools & Ponds

### Track

- 2 future
- U plug-in future

Parcel ID acres

**Acreages by HMP Categories (Map-3)**

Parcel ID	Development			Habitat		Development with Reserve/Restrictions
	Residential	Road	Others	Reserves	Corridor	
L20.3.1	-	-	-	-	-	44
L20.3.2	-	-	-	-	-	36
L20.5.1	-	-	-	-	-	131
L20.5.2	-	-	-	-	-	55
L20.5.3	-	-	-	-	-	13
L20.5.4	-	-	-	-	-	1

Note: 100' habitat buffer is applicable to the parcels but not shown.

**ESCA Parcels by HMP Categories -- Map - 3**

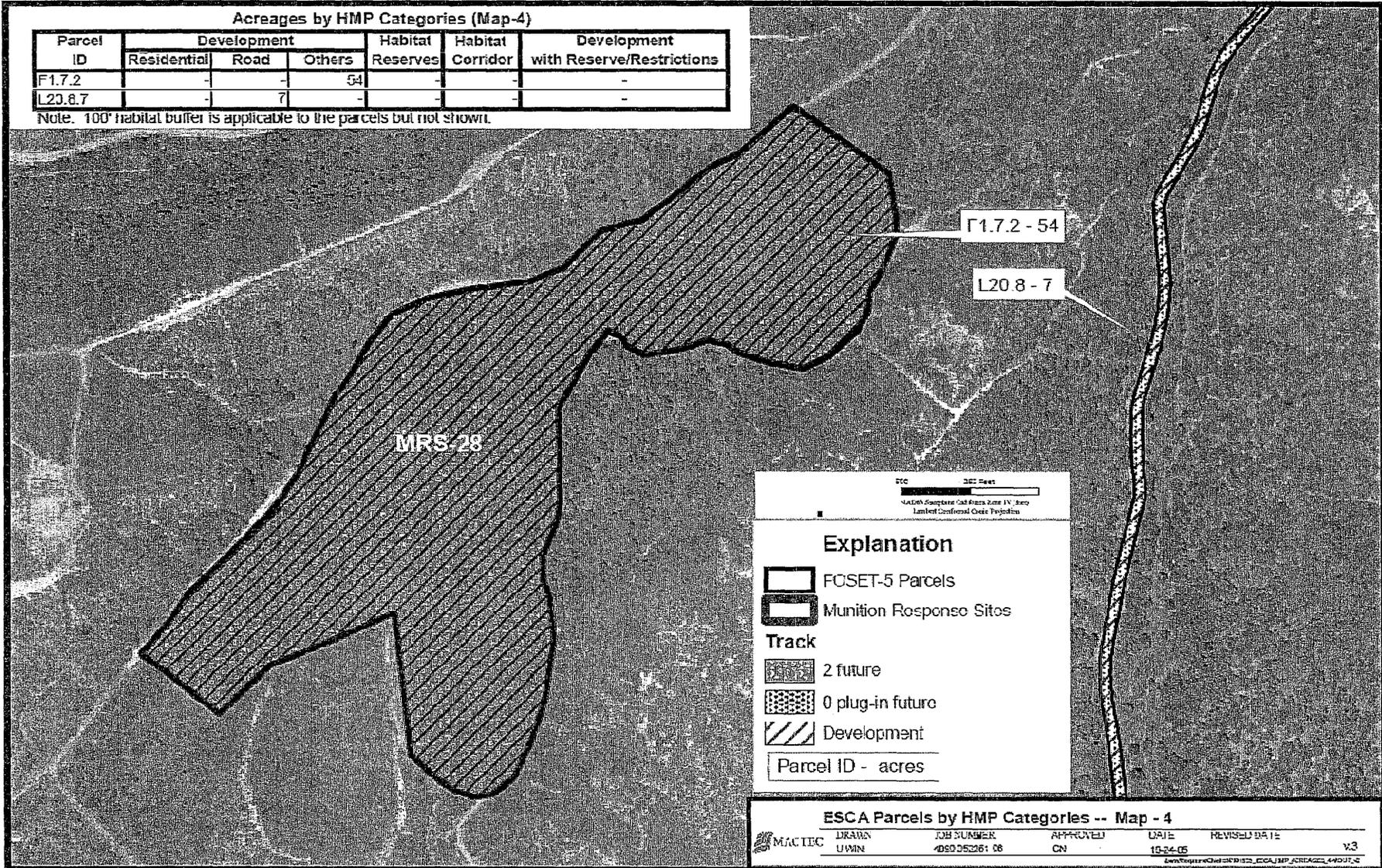
MACT/DC	TRANN	10/17/2002	APPROV:	DATE	REVISION DATE	v.3
	LMM	507 05/25/08	CA	10-24-05		

D:\PROJECTS\ESCA\INFO\CHANGES\ESCA\_03001\_02

Acraeges by HMP Categories (Map-4)

Parcel ID	Development			Habitat Reserves	Habitat Corridor	Development with Reserve/Restrictions
	Residential	Road	Others			
F1.7.2	-	-	54	-	-	-
L20.8.7	-	7	-	-	-	-

Note: 100' habitat buffer is applicable to the parcels but not shown.



Scale: 0 to 300 Feet  
 NAD83 Coordinate: Cal State Zone 1N, UTM  
 Lambert Conformal Conic Projection

**Explanation**

- FCSET-5 Parcels
- Munition Response Sites

**Track**

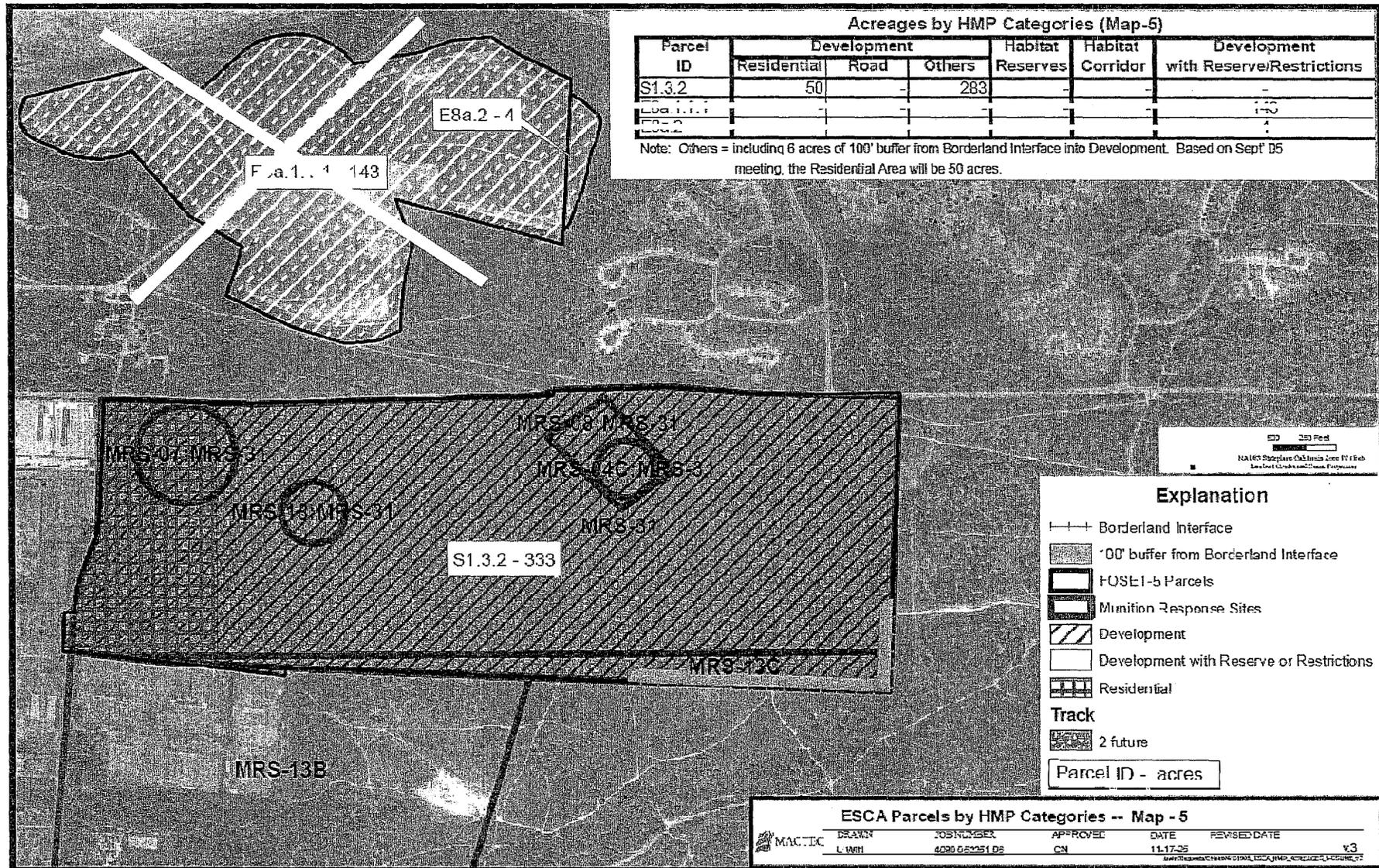
- 2 future
- 0 plug-in future
- Development

Parcel ID - acres

**ESCA Parcels by HMP Categories -- Map - 4**

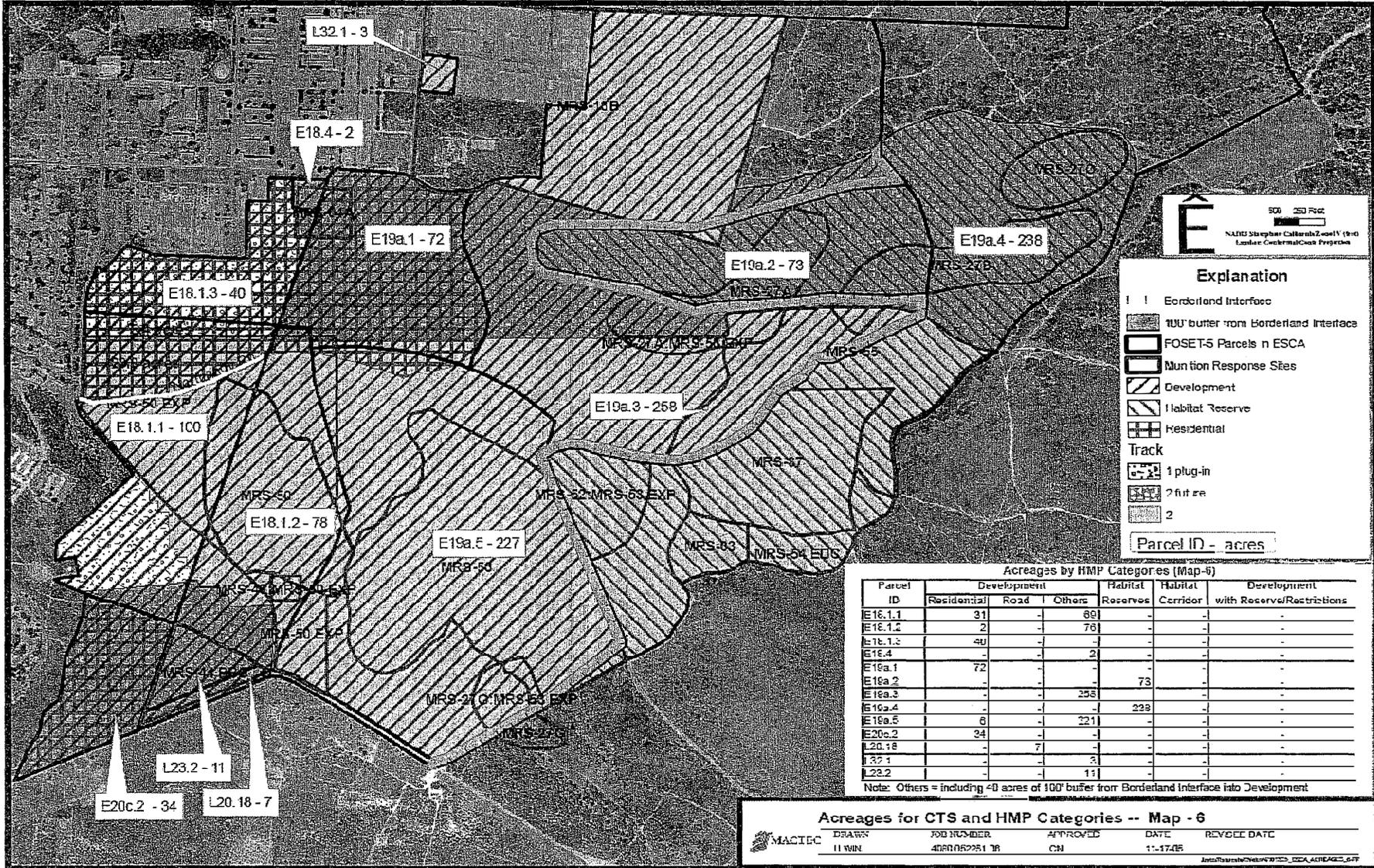
MACTEC	DRAWN	JOB NUMBER	APPROVED	DATE	REVISION DATE
	UWIN	408035261 08	CN	10-24-05	v.3

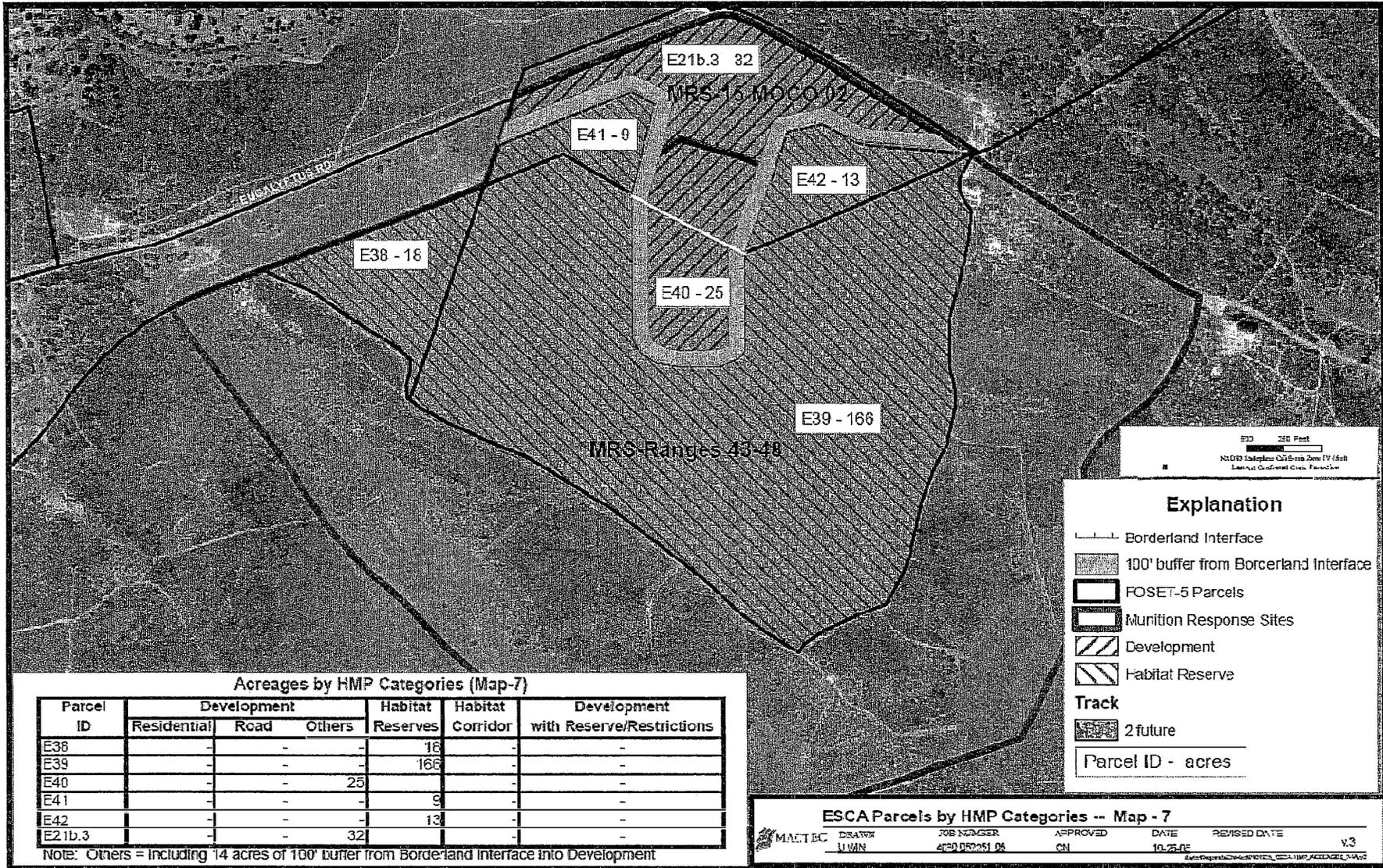
\\scap\proj\040105\ESCA\MP\_50R\PAGE2\_440017\_2



**Note: E8a.1.1.1 (143 acres) and E8a.2 (4 acres) are NOT included in the ESCA. These parcels are an Army retained condition.**

Modifications by LFR, Inc. - 3/26/07





Acreages by HMP Categories (Map-7)

Parcel ID	Development			Habitat Reserves	Habitat Corridor	Development with Reserve/Restrictions
	Residential	Road	Others			
E38	-	-	-	18	-	-
E39	-	-	-	166	-	-
E40	-	-	25	-	-	-
E41	-	-	-	9	-	-
E42	-	-	-	13	-	-
E21b.3	-	-	32	-	-	-

Note: Others = including 14 acres of 100' buffer from Borderland Interface into Development

**Explanation**

- Borderland Interface
- 100' buffer from Borderland Interface
- FOSET-5 Parcels
- Munition Response Sites
- Development
- Habitat Reserve

**Track**

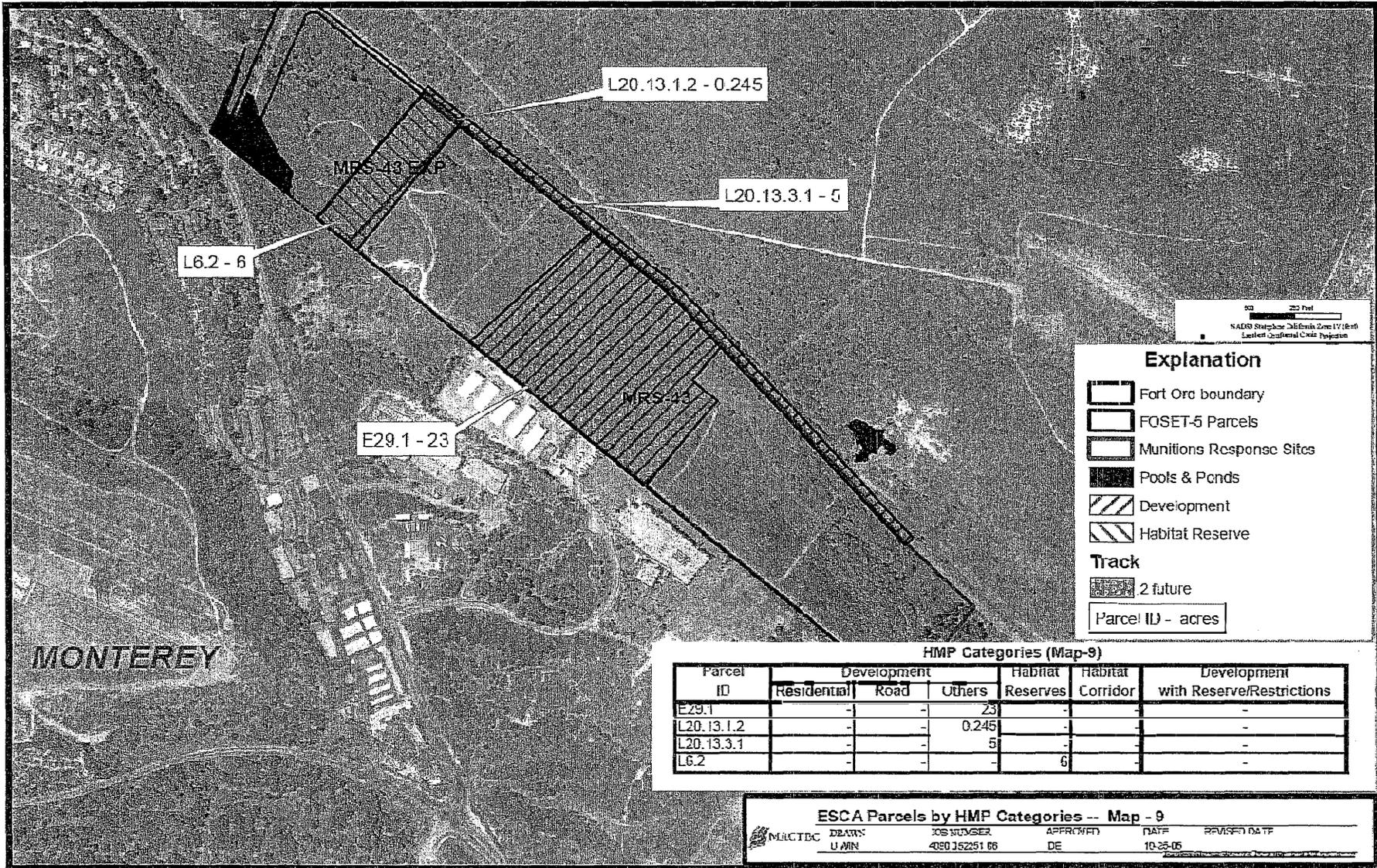
- 2 future

Parcel ID - acres

**ESCA Parcels by HMP Categories -- Map - 7**

MACTBC	DRAWN	JOB NUMBER	APPROVED	DATE	REVISED DATE	V.3
	UWIN	4150.D50251.06	CN	10-25-06		





0 250 feet  
 NAD83 StatePlane California Zone 14 (ft) UTM  
 Latest California Code Projection

**Explanation**

- Fort Ord boundary
- FOSET-5 Parcels
- Munitions Response Sites
- Pools & Ponds
- Development
- Habitat Reserve

**Track**

- 2 future

Parcel ID - acres

HMP Categories (Map-9)

Parcel ID	Development			Habitat Reserves	Habitat Corridor	Development with Reserve/Restrictions
	Residential	Road	Others			
E29.1	-	-	23	-	-	-
L20.13.1.2	-	-	0.245	-	-	-
L20.13.3.1	-	-	5	-	-	-
L6.2	-	-	-	6	-	-

ESCA Parcels by HMP Categories -- Map - 9

ML&CTBC DRAWN: U.MIN JOS NUMBER: 48015251.06 APPROVED: DE DATE: 10-25-05

**ENDORSEMENT NO. 2**

This endorsement, effective 12:01AM, March 30, 2007  
Forms a part of Policy No: EPP 778 2507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS. CO.

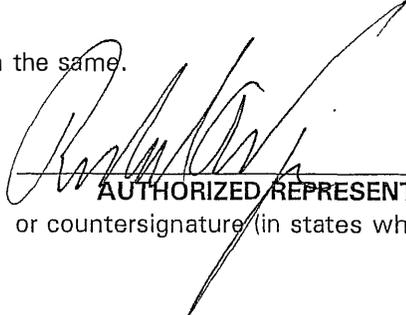
**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**DEFINITION OF SCHEDULED CONTRACTOR ENDORSEMENT**

It is hereby agreed that for purposes of Section VII. **DEFINITIONS**, Paragraph **JJ. Scheduled Contractor** is defined to include only the following:

Contractor/Type	Contractor's Address & Telephone Number
1. LFR Inc.	1. 1900 Powell St, Fl 12 Emeryville, CA 94608 Contact: Kristie Reimer Tel: (510) 652-4500 Cell: (650) 224-8545 Fax: (510) 652-2246
2. Weston Solutions, Inc.	2. 1400 Weston Way PO Box 2653 West Chester, PA 19380 Contact: Pete Ceribelli and/or Donald Baver Tel: (610) 701-3459 Cell: (610) 909-1643 Fax: (610) 701-3186
3. Westcliffe Engineers, Inc.	3. 9571 W. Hialeah Place Littleton, CO 80123 Contact: Jeffrey Swanson Tel: (720) 988-3859

All other terms, conditions, and exclusions shall remain the same.

  
\_\_\_\_\_  
**AUTHORIZED REPRESENTATIVE**  
or countersignature (in states where applicable)

**ENDORSEMENT NO. 3**

This endorsement, effective 12:01AM, March 30, 2007  
Forms a part of Policy No: EPP 778 2507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS. CO.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**TERRORISM EXCLUSION - ALL TERRORISM (INCLUDING CERTIFIED ACTS OF TERRORISM) EXCLUSION  
ENDORSEMENT**

Pursuant to the requirements of the Terrorism Risk Insurance Act of 2002, the "Act," the **Insured** has been provided notice that the **Insured** may elect to purchase coverage for loss covered under this Policy arising directly or indirectly as a result of a certified "act of terrorism" as defined by Section 102. Definitions, of the Act and any revisions or amendments thereto and the premium charge for such coverage.

After receiving such notice, the **Insured** has elected not to purchase coverage for such certified "acts of terrorism" and has agreed to the inclusion of a Terrorism Exclusion. Therefore, this Policy is amended to include the following exclusion:

The Company has no obligation to make any payment or to provide or to pay for a defense under this Policy due to or arising directly or indirectly as a result of or in connection with **Terrorism** including but not limited to, any contemporaneous or ensuing loss caused by fire, looting, or theft.

**Terrorism** means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

The defined term **Terrorism** shall specifically include, but is not limited to, the following definition of a certified "Act of Terrorism" defined by Section 102. Definitions, of the Terrorism Risk Insurance Act of 2002 and any revisions or amendments thereto:

(1) Act of Terrorism –

(A) Certification. – The term "act of terrorism" means any act that is certified by the Secretary of the Treasury of the United States, in concurrence with the Secretary of State, and the Attorney General of the United States --

(i) to be an act of terrorism;

(ii) to be a violent act or an act that is dangerous to --

(I) human life;

(II) property; or

(III) infrastructure;

(iii) to have resulted in damage within the United States, or outside of the United States in the case of --

(I) an air carrier or vessel described in paragraph (5)(B); [for the convenience of this endorsement, paragraph (5)(B) reads: occurs to an air carrier (as defined in Section 40102 of title 49, United States Code) to a United States flag vessel (or a vessel

ENDORSEMENT NO. 3 (Continued)

- based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs, or at the premises of any United States mission];
- (II) the premises of a United States mission; and
  - (iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- (B) Limitation. -- No act shall be certified by the Secretary as an act of terrorism if --
- (i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or
  - (ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.
- (C) Determinations Final. -- Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.
- (D) Nondelegation. -- The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

All other terms, conditions, and exclusions shall remain the same.

  
\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)

**ENDORSEMENT NO. 4**

This endorsement, effective **12:01AM**, March 30, 2007  
Forms a part of Policy No: EPP 778 2507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS. CO.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**COVERAGE A - ADDITIONAL INSURED(S) ENDORSEMENT**

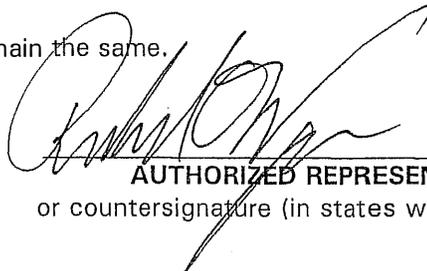
Solely as respect to Coverage A, it is hereby agreed that the following entity(s) is (are) included as an additional insured(s). Coverage for such additional insured(s) applies under this Endorsement:

1. Solely to the additional insured's liability arising out of the **Named Insured FORA's** ownership, operation, maintenance or use of the **Insured Property(s)** and
2. Only if the additional insured is named in a suit as a co-defendant with the **Named Insured FORA**, alleging the additional insured is liable on the basis described in paragraph 1 above.

**ADDITIONAL INSURED(S)**

1. LFR Inc., its parent company(s), and any and all corporations, partnerships, companies or other entities as have existed at any time, or as now or may hereafter exist during the **Policy Period**, and in which LFR Inc. did or does have more than a 50% ownership interest.
2. Weston Solutions, Inc. and any and all corporations, partnerships, companies or other entities as have existed at any time, or as now or may hereafter exist during the **Policy Period**, and in which Weston Solutions, Inc. did or does have more than a 50% ownership interest.

All other terms, conditions, and exclusions shall remain the same.



**AUTHORIZED REPRESENTATIVE**  
or countersignature (in states where applicable)

**ENDORSEMENT NO. 5**

This endorsement, effective 12:01AM, March 30, 2007  
Forms a part of Policy No: EPP 778 2507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS. CO.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**MODIFICATION OF CLEAN-UP COSTS TO INCLUDE ONLY DIRECT COSTS UPON EXHAUSTION OF THE NOTIONAL COMMUTATION ACCOUNT**

It is hereby agreed that the Policy is amended as follows:

1. Upon exhaustion of the Notional Commutation Account under this Policy, Section **VII. DEFINITIONS**, Paragraph **E.**, **Clean-Up Costs** shall be deleted in its entirety and replaced with the following:

**E. Clean-Up Costs** means:

1. With respect to Coverage A, reasonable and necessary expenses, including legal expenses incurred with the Company's written consent which consent shall not be unreasonably withheld or delayed, for the investigation, removal, remediation including associated monitoring, or disposal of soil, surfacewater, groundwater or other contamination:
  - (a) To the extent required by **Environmental Laws** or required to satisfy a **Voluntary Cleanup Program**; or
  - (b) solely with respect to **Munitions or Explosives of Concern**, to the extent required by the **ESCA, or the AOC**; or
  - (c) That have been actually incurred by the government or any political subdivision of the United States of America or any state thereof or Canada or any province thereof.
2. With respect to Coverage B, reasonable and necessary costs, charges or expenses incurred for **Clean-Up**. Upon exhaustion of the Notional Commutation Account, **Clean-Up Costs** shall be limited to reasonable and necessary costs, charges or expenses incurred solely for **Clean-Up** which are **Direct Costs**.
3. With respect to Coverage C, reasonable and necessary costs, charges, and expenses incurred for **Clean-Up**. Upon exhaustion of the Notional Commutation Account, **Clean-Up Costs** shall be limited to reasonable and necessary costs, charges, and expenses incurred solely for **Clean-Up** which are **Direct Costs**.
4. Solely with respect to Coverages B and C, **Clean-Up Costs** does not include:
  - (a) Costs, charges or expenses incurred for litigation, arbitration or other form of dispute resolution in any way related to or in connection with **Clean-Up**, including fees of attorneys, consultants, investigators, adjusters and experts, unless otherwise expressly consented to in writing and in advance by the **Company** and specifically included in a Definition of Clean-Up Endorsement; or

- (b) Costs, charges or expenses expended in preparation of the **Remedial Plan**; provided, however, the sub-limit of liability described in Section V. Paragraph D.2 shall apply to reasonable and necessary costs, charges or expenses expended in preparation of a supplementary remedial plan and the associated investigation of **Pollutants** that are not **MEC** under Coverage C.
- (c) Upon exhaustion of the Notional Commutation Account, any profit markup by the **Named Insured** or any **Scheduled Contractors** on any **Clean-Up Costs**.

2. The following is added to Section **VII. DEFINITIONS**:

**Direct Costs** means (i) direct labor cost (including overtime if applicable and if warranted) of each **Scheduled Contractors**' employees multiplied by the applicable labor overhead multiplier, which is then multiplied by the applicable General and Administrative ("G&A") multiplier identified below; and (ii) subcontractor costs submitted to the **Named Insured** or **Scheduled Contractor(s)** multiplied by the applicable subcontractor multiplier identified below; and (iii) expense costs multiplied by the applicable expense multiplier identified below.

**LFR Inc.**

Labor Overhead Multiplier:	2.7326
G&A Multiplier:	1.1343
Expense Multiplier:	1.05
Subcontractor Multiplier applicable to Weston Solutions, Inc:	1.045
Subcontractor Multiplier applicable to subcontractors other than Weston Solutions, Inc.:	1.09

**Weston Solutions, Inc.**

Labor Overhead Multiplier:	2.7083
G&A Multiplier:	1.0835
Expense Multiplier:	1.0835
Subcontractor Multiplier:	1.0835

In the event that another **Scheduled Contractor** has been scheduled to this Policy and is performing **Clean-Up**, the **Named Insured**, at the written request of the Company, agrees to furnish the information requested in Calculating Direct Costs Condition as added by paragraph 3. below. for each such **Scheduled Contractor** and **Direct Costs** will be determined by the **Company** upon review of the requested information. The **Named Insured** or the Company may also request to reevaluate the multipliers used in the calculation of **Direct Costs** based upon the information requested in Calculating Direct Costs Condition. The reevaluation of the multipliers used in the **Direct Costs** calculation may only be requested once per calendar year and at an interval no closer than twelve months since the previous evaluation. In the event that such request is made, the granting of the request by the other party shall not be unreasonable withheld.

3. The following is added as Section VI. Conditions:

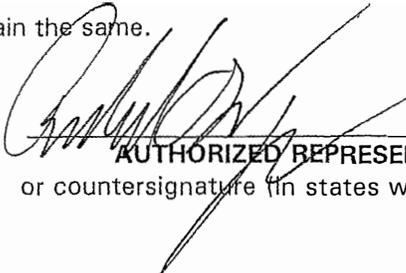
**Calculating Direct Costs**

The Company reserves its rights to evaluate the information provided by the **Named Insured** and determine **Direct Costs** for each **Scheduled Contractor** in accordance with the provisions of paragraph 2. of this Endorsement. The **Named Insured** agrees to furnish the following information, if in existence, at the written request of the Company:

- (a) a certified ledger or a copy of the **Scheduled Contractors'** indirect rates for contracts with federal entities, based on its most recent full year's audited financial statements;
- (b) the calculation of the **Scheduled Contractors'** multipliers utilized for federal contracts including but not limited to the **Scheduled Contractors'** direct labor overhead multiplier and G&A multiplier;
- (c) a list of base salaries for all employees that will be participating in **Clean-Up**; and
- (d) the **Scheduled Contractors'** invoices for **Clean-Up Costs** in a form that permits the **Company** to confirm the **Named Insured's** billing is in conformance with the multipliers set forth in subparagraph (b).

4. Subject to the applicable Limits of Liability set forth in Section V. and all of the other terms and conditions of this Policy, in the event that (a) the balance of the Notional Commutation Account has been exhausted prior to the payment of either the second or third premium installment and (b) the Company has paid **Clean-Up Costs** as defined in paragraph 1. of this Endorsement, the Company shall pay, solely with respect to such **Clean-Up Costs** as defined in paragraph 1. of this Endorsement paid by the Company, additional **Clean-Up Costs** equal to the difference of **Clean-Up Costs** as defined in Section VII.E. of the Policy and **Clean-Up Costs** as defined in paragraph 1. of this Endorsement. Such payment by the Company shall only be made after the payment of the full amount of the next premium installment, as set forth in Section VI.T., following such exhaustion of the Notional Commutation Account and after the Notional Commutation Account has been credited with the applicable portion of the amount of that premium installment pursuant to Section VI.R. The **Named Insured** shall promptly supply any information reasonably requested by the Company for use in calculating any such payment which may be due under this paragraph. The Company shall have sixty days from the receipt of such information or, if no information is requested, sixty days from the date of the payment of the full amount of the premium installment to make any payment which may be due under this paragraph.

other terms, conditions, and exclusions shall remain the same.

  
 AUTHORIZED REPRESENTATIVE  
 or countersignature (in states where applicable)

**ENDORSEMENT NO. 6**

This endorsement, effective 12:01AM, March 30, 2007  
Forms a part of Policy No: EPP 778 2507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS. CO.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

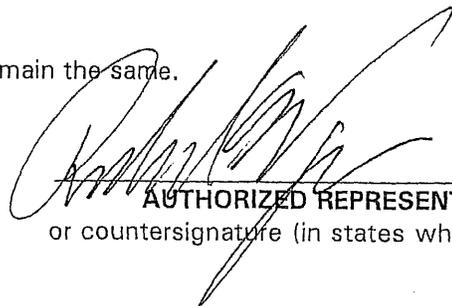
**SCHEDULE OF INSURED CONTRACTS**

It is hereby agreed that the following are scheduled as **Insured Contracts** to this Policy:

**INSURED CONTRACTS**

1. ESCA
2. AOC
3. Remediation Services Agreement
4. Master Cooperation and Environmental Services Agreement between LFR and Weston Solutions, Inc. dated April 12<sup>th</sup>, 2007, and on file with the Company

All other terms, conditions, and exclusions shall remain the same.

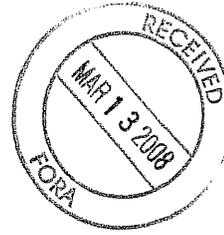
  
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AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)



ENVIRONMENTAL MANAGEMENT & CONSULTING ENGINEERING

MH  
SC  
LB

LETTER OF TRANSMITTAL  
March 10, 2008



99-02

Michael Houlemard  
Fort Ord Reuse Authority  
100 12th Street, Building 2880  
Marina, CA 93933

Re: MEC Remediation Contract

The following items are Enclosed via mail

Description	No. of Copies
Executed Endorsement Nos. 7,8, and 9 EPP 7782507	1 copy

The item(s) are transmitted:

<input type="checkbox"/> At your request	<input type="checkbox"/> For your action
<input type="checkbox"/> For your review/comment	<input checked="" type="checkbox"/> For your files
<input type="checkbox"/> For your approval	<input type="checkbox"/> For your information

Comments:

Please replace draft copies with these executed copies.

Sincerely,




---

Frank Lorincz, CEO

1900 Powell Street, 12th Floor  
Emeryville, California 94608  
Offices Nationwide

510.652.4500 m  
510.652.2246 f  
www.lfr.com

S

ENDORSEMENT NO. 7

This endorsement, effective 12:01 AM, September 27, 2007

Forms a part of Policy No: EPP 7782507

Issued to: FORT ORD REUSE AUTHORITY; LFR INC.

By: AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, INC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DECLARATIONS AMENDATORY ENDORSEMENT

It is hereby agreed that ITEM 4. POLICY AGGREGATE LIMIT and ITEM 6 POLICY PREMIUM of the Declarations are deleted in their entirety and replaced with the following:

**Item 4: POLICY AGGREGATE LIMIT:**  
\$128,000,000; provided, however, that prior to the payment of the total outstanding premium, the Policy aggregate limit of liability shall not be the entire \$128,000,000, but instead shall be limited as follows: a) upon payment of the first premium installment and until payment of the second premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account plus \$5,000,000; b) upon payment of the second premium installment and until payment of the third premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the second premium installment plus \$5,000,000; c) upon payment of the third premium installment and until payment of the fourth and final premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the third premium installment plus \$5,000,000.

**Item 6: POLICY PREMIUM:** The policy premium shall be paid in four installments:

- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
- b) The second premium installment of \$18,000,000 shall be paid on or before September 27, 2007
- c) The third premium installment of \$9,672,515 shall be paid on or before June 1, 2008; provided, however, that in the event that the third premium installment is paid prior to June 1, 2008, the amount of the third premium installment due shall be reduced by \$1,946 for each day prior to June 1, 2008 that the third premium installment is received by the Company.
- d) The fourth premium installment of \$22,825,131 shall be paid on or before June 1, 2009; provided, however, that in the event that the fourth premium installment is paid prior to June 1, 2009, the amount of the fourth premium installment due shall be reduced by \$4,064 for each day prior to June 1, 2009 that the fourth premium installment is received by the Company.

All other terms, conditions, and exclusions shall remain the same

  
\_\_\_\_\_  
**AUTHORIZED REPRESENTATIVE**  
or countersignature (in states where applicable)

ENDORSEMENT NO. 8

This endorsement, effective 12:01 AM, September 27, 2007

Forms a part of Policy No: EPP 7782507

Issued to: FORT ORD REUSE AUTHORITY; LFR INC.

By: AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, INC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MODIFICATION OF POLICY AGGREGATE, NOTIONAL COMMUTATION ACCOUNT AND PAYMENT OF PREMIUM ENDORSEMENT

It is hereby agreed as follows:

1. It is hereby agreed that Section V. **LIMITS OF COVERAGE; SELF-INSURED RETENTION**, Paragraph A. **Policy Aggregate Limit** is deleted in its entirety and replaced with the following:

**A. Policy Aggregate Limit**

The Company's total liability for all **Loss** under Coverage A and all **Clean-Up Costs** under Coverages B and C shall not exceed \$128,000,000; provided, however, that prior to the payment of the total outstanding premium, the Policy aggregate limit of liability shall not be the entire \$128,000,000, but instead shall be limited as follows: a) upon payment of the first premium installment and until payment of the second premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account plus \$5,000,000; b) upon payment of the second premium installment and until payment of the third premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the second premium installment plus \$5,000,000; c) upon payment of the third premium installment and until payment of the fourth and final premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the third premium installment plus \$5,000,000.

2. It is hereby agreed that the six (6) enumerated items and first paragraph that follows such enumerated items of Section VI. **CONDITIONS**, Paragraph R. **Notional Commutation Accounts** are deleted in their entirety and replaced with the following:

**R. Notional Commutation Account** - The Company shall establish a Notional Commutation Account the balance of which shall be calculated as follows:

1. \$23,057,066 upon payment of the first premium installment in accordance with Section VI.T. below; plus
2. \$17,601,203 upon payment of the second premium installment in accordance with Section VI.T. below; plus
3. \$9,670,915 upon payment of the third premium installment in accordance with Section VI.T. below; provided, however, that in the event that the third premium installment is paid prior to June 1, 2008, the foregoing amount shall be reduced by \$1,403 for each day prior to June 1, 2008 that the third premium installment is received by the Company; plus
4. \$21,857,799 upon payment of the fourth premium installment in accordance with Section VI.T. below; provided, however, that in the event that the fourth premium installment is paid prior to June 1, 2009, the foregoing amount shall be reduced by \$2,845 for each day prior to June 1, 2009 that the fourth premium installment is received by the Company; plus
5. Funds Growth credited as per below; plus
6. Subrogation recoveries for **Clean-Up Costs** paid under Coverages A, B and C; less

7. 100% of **Clean-Up Costs** and **Loss** paid by the Company under Coverages A, B or C.

Notwithstanding the foregoing, if, at the time of the payment of any premium installment, the Company has made payments of **Clean-Up Costs** and **Loss** under Coverages A, B, and/or C in excess of the balance of the Notional Commutation Account, the amount credited to the Notional Commutation Account upon payment of such premium installment shall be reduced by the amount of such payments made by the Company in excess of the balance of the Notional Commutation Account.

3. Section VI. **CONDITIONS**, Paragraph T. **Payment of Premium** is deleted in its entirety and replaced with the following:

T. **Payment of Premium** – The policy premium shall be paid in four installments:

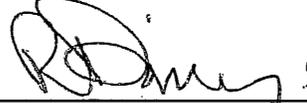
- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
- b) The second premium installment of \$18,000,000 shall be paid on or before September 27, 2007.
- c) The third premium installment of \$9,672,515 shall be paid on or before June 1, 2008; provided, however, that in the event that the third premium installment is paid prior to June 1, 2008, the amount of the third premium installment due shall be reduced by \$1,946 for each day prior to June 1, 2008 that the third premium installment is received by the Company.
- d) The fourth premium installment of \$22,825,131 shall be paid on or before June 1, 2009; provided, however, that in the event that the fourth premium installment is paid prior to June 1, 2009, the amount of the fourth premium installment due shall be reduced by \$4,064 for each day prior to June 1, 2009 that the fourth premium installment is received by the Company.

Failure to pay any policy premium installment required above when due shall constitute failure to pay premium pursuant to Section VI. G. Cancellation above.

4. Section VII. **DEFINITIONS** paragraphs U. **Remediation Services Agreement** is amended by the addition of the following:

As amended by the FIRST AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007.

All other terms, conditions, and exclusions shall remain the same.



\_\_\_\_\_  
**AUTHORIZED REPRESENTATIVE**  
or countersignature (in states where applicable)

ENDORSEMENT NO. 9

This endorsement, effective 12:01 AM, September 28, 2007

Forms a part of Policy No: EPP 7782507

Issued to: FORT ORD REUSE AUTHORITY; LFR INC.

By: AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, INC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGE ORDER ENDORSEMENT

In consideration of an additional premium of \$3,173,313, it is hereby agreed as follows:

1. Endorsement No. 7, Declarations Amendatory Endorsement, and Endorsement No. 8, Modification of Policy Aggregate, Notional Commutation Account and Payment of Premium Endorsement, are both deleted in their entirety.

2. Section VII. DEFINITIONS is amended by the addition of the following:

Change Order No. 2 means the CONTRACT CHANGE ORDER NO.2 ACCELERATED MEC CLEARANCE (MAP 8) in support of ROADWAY IMPROVEMENTS for GENERAL JIM MOORE BOULEVARD AND EUCALYPTUS ROAD, effective September 28, 2007 (inclusive of CCO-1 referenced on page 2.) and attached to this Endorsement.

3. Pursuant to the requirements for the Company's consent and/or the provision of notice to the Company in: (a) Section II. EXCLUSIONS, 1. COMMON EXCLUSIONS – APPLICABLE TO ALL COVERAGES, paragraph N. CHANGE ORDER EXCLUSION; (b) Section II. EXCLUSIONS, 3. COVERAGE B AND C EXCLUSIONS, paragraphs A. CONTRACT AMENDMENT, G. UNREASONABLE DELAY OR ACCELERATION and I. MODIFICATION OF THE REMEDIAL PLAN; and (c) Section III. NOTICE REQUIREMENTS AND CLAIMS PROVISIONS, paragraph A. NOTICE OF POLLUTION CONDITIONS, CLAIMS AND POLLUTANTS, subparagraph 4., the Company acknowledges receipt of Change Order No. 2 and consents to the scope of work and associated schedule adjustment and acceleration described therein.

4. Section VII. DEFINITIONS paragraphs U. Remediation Services Agreement

as amended by the FIRST AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007, the SECOND AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007, and Change Order No. 2.

5. Section VII. DEFINITIONS paragraph HH. Remedial Plan are amended by the addition of the following:

as amended by Change Order No. 2.

6. Section VII. DEFINITIONS paragraphs Y. Operable Unit Closeout Determination and Z. Operable Unit and are deleted in their entirety and replaced with the following:

Y. Operable Unit Closeout Determination means: (i) with respect to Operable Units Groups 1B and 2 through 4, receipt of Site Closeout of all Insured Parcels which are located within that particular Operable Unit; and (ii) with respect to Operable Unit Group 1A, receipt of written notification from all Governmental Authority(s) responsible for the supervision of the Clean-Up of Munitions and Explosives of Concern performed pursuant to the terms of Change Order

No. 2 stating that such Clean-Up for all of the area within Operable Unit Group 1A is complete and that Operable Unit Group 1A is suitable for roadway construction.

Z. Operable Unit means each of the three primary groupings (Groups 2 through 4) as identified in the Remedial Plan as constituted on Inception Date. With respect to Group 1, Operable Unit means each of Group 1A and 1B identified as follows:

- (i) Group 1A means the area identified in the map entitled Roadway Corridors within Seaside MRA, FORA ESCA RP, Figure 1, which is attached to this Endorsement.
- (ii) Group 1B means all of the areas in Maps 6 and 8 which are Insured Property(s) as identified in Endorsement No. 1 except the area which is identified as Group 1A in subparagraph (i) above.

7. Item 3. COVERAGES AND COVERAGE SECTION LIMITS AND DEDUCTIBLES of the Declarations is deleted in its entirety and replaced with the following:

**Item 3: COVERAGES AND COVERAGE SECTION LIMITS AND SELF-INSURED RETENTIONS**

This Policy includes only those Coverages as stated in Section I of the Policy for which deductibles and limits of liability appear below. If no deductible or limits of liability appears for a Coverage, that Coverage does not apply.

Coverage	Self-Insured Retention-Each Incident	Each Incident Limit	Coverage Section Aggregate Limit
A	\$100,000 (As described in Section V.F.1 and 2 of the Policy)	\$15,000,000 (Except as described in Section V.E. of the Policy and subject the Policy Aggregate Limit as described in Item 4. below)	\$15,000,000 (Except as described in Section V.E. of the Policy and subject to the Policy Aggregate Limit as described in Item 4. below)

Coverage	Limit of Liability	Self-Insured Retention	Co-Insurance Participation Percentage
B and C combined	\$131,233,665 (Except as described in Section V.E. of the Policy and subject to the Policy Aggregate Limit as described in Item 4. below); provided, however, that in the event that the Change Order No. 2 Notional Commutation Account is commuted, the \$131,233,665 will be reduced by the amount paid by the Company pursuant to such commutation less any funds growth credited to such Account prior to its commutation.	\$0	a) Insured 0% b) Company 100%

8. Item 4. POLICY AGGREGATE LIMITS and Item 6 POLICY PREMIUM of the Declarations is deleted in its entirety and replaced with the following:

**Item 4: POLICY AGGREGATE LIMIT:**

\$131,233,665; provided, however, that prior to the payment of the total outstanding premium, the Policy aggregate limit of liability shall not be the entire \$131,233,665, but instead shall be limited as follows: a) upon payment of the first premium installment and until payment of the second premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account plus \$5,000,000; b) upon payment of the second premium installment and until payment of the third premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the

time of payment of the second premium installment plus \$5,000,000; c) upon payment of the third premium installment and until payment of the fourth and final premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the third premium installment plus \$5,000,000.

**Item 6: POLICY PREMIUM:** The policy premium shall be paid in four installments:

- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
- b) The second premium installment of \$18,000,000 shall be paid on or before September 27, 2007
- c) The third premium installment of \$9,672,515 shall be paid on or before June 1, 2008; provided, however, that in the event that the third premium installment is paid prior to June 1, 2008, the amount of the third premium installment due shall be reduced by \$1,946 for each day prior to June 1, 2008 that the third premium installment is received by the Company.
- d) The fourth premium installment of \$22,825,131 shall be paid on or before June 1, 2009; provided, however, that in the event that the fourth premium installment is paid prior to June 1, 2009, the amount of the fourth premium installment due shall be reduced by \$4,064 for each day prior to June 1, 2009 that the fourth premium installment is received by the Company.

9. **Section V. LIMITS OF COVERAGE; SELF INSURED RETENTION** paragraphs **A. Policy Aggregate Limit** and **C. Coverage A Section Aggregate Limit** are deleted in their entirety and replaced with the following:

**A. Policy Aggregate Limit**

The Company's total liability for all **Loss** under Coverage A and all **Clean-Up Costs** under Coverages B and C shall not exceed \$131,233,665; provided, however, that prior to the payment of the total outstanding premium, the Policy aggregate limit of liability shall not be the entire \$131,233,665, but instead shall be limited as follows: a) upon payment of the first premium installment and until payment of the second premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account plus \$5,000,000; b) upon payment of the second premium installment and until payment of the third premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the second premium installment plus \$5,000,000; c) upon payment of the third premium installment and until payment of the fourth and final premium installment, the Policy aggregate limit of liability shall be the balance of the Notional Commutation Account at the time of payment of the third premium installment plus \$5,000,000.

**C. Coverage A Section Aggregate Limit**

Subject to Paragraph V.A. above, the Company's total liability for all **Loss** under Coverage A shall not exceed the "Coverage Section Aggregate" limit of coverage stated in Item 3 of the Declarations. In the event that the total amount of **Clean-Up Costs** paid by the Company under Coverages B and C combined is less than or equal to \$116,233,665, the full "Coverage Section Aggregate" limit of coverage of \$15,000,000 stated in Item 3 of the Declarations for Coverage A shall remain available to pay **Loss** otherwise covered under Coverage A. To the extent that the total amount of **Clean-Up Costs** paid by the Company under Coverages B and C combined is greater than \$116,233,665, the then available limit of coverage for Coverage A shall be reduced by the amount of **Clean-Up Costs** paid by the Company under Coverages B and C combined in excess of \$116,233,665 at the time such **Clean-Up Costs** are paid. However, in no event shall the Company be liable for any payments

in excess of the Aggregate Policy Limit set forth in Item 4 of the Declarations. The \$116,233, 665 figure used in this paragraph shall be reduced by the same amount the Policy's aggregate limit is reduced in the event of the commutation of the Change Order No. 2 Notional Commutation Account.

10. Section VI. **CONDITIONS**, paragraph R. **Notional Commutation Accounts** is deleted in its entirety and replaced with the following:

**R. Notional Commutation Accounts –**

- A. The Company shall establish a Notional Commutation Account the balance of which shall be calculated as follows:
1. \$23,057,066 upon payment of the first premium installment in accordance with Section VI.T. below; plus
  2. \$17,601,203 upon payment of the second premium installment in accordance with Section VI.T. below; plus
  3. \$9,670,915 upon payment of the third premium installment in accordance with Section VI.T. below; provided, however, that in the event that the third premium installment is paid prior to June 1, 2008, the foregoing amount shall be reduced by \$1,403 for each day prior to June 1, 2008 that the third premium installment is received by the Company; plus
  4. \$21,857,799 upon payment of the fourth premium installment in accordance with Section VI.T. below; provided, however, that in the event that the fourth premium installment is paid prior to June 1, 2009, the foregoing amount shall be reduced by \$2,845 for each day prior to June 1, 2009 that the fourth premium installment is received by the Company; plus
  5. Funds Growth credited as per below; plus
  6. Subrogation recoveries for **Clean-Up Costs** paid under Coverages A, B and C; less
  7. 100% of **Clean-Up Costs** and **Loss** paid by the Company under Coverages A, B or C; provided that **Clean-Up Costs** debited from the Change Order No. 2 Notional Commutation Account maintained in accordance with paragraph B. below prior to its exhaustion shall not be debited for the Notional Commutation Account.

Notwithstanding the foregoing, if, at the time of the payment of any premium installment, the Company has made payments of **Clean-Up Costs** and **Loss** under Coverages A, B, and/or C in excess of the balance of the Notional Commutation Account, the amount credited to the Notional Commutation Account upon payment of such premium installment shall be reduced by the amount of such payments made by the Company in excess of the balance of the Notional Commutation Account.

**Funds Growth:** The Notional Commutation Account, if positive, will earn interest at an annual rate equal to the 1 year Constant Maturity Treasury (CMT) Rate yield prevailing on the day the premium is paid to the Company. The CMT will be updated annually as of the anniversary date of policy inception.

**Partial Commutation:** Upon **Project Completion**, the **Named Insured** under Coverages B and C may elect to commute coverage under Coverages B and C for all **Clean-Up Costs** by providing written notice thereof to the Company and to the **Named Insured FORA**. If the **Named Insured** elects such partial commutation, the Company will continue to retain 30% of the balance of the Notional Commutation Account in the Notional Commutation Account; provided, however, that such retained amount shall not exceed \$500,000, whereupon such retained amount shall thereafter be applied to **Loss** incurred under Coverage A pursuant to the terms of this Policy. The Company will pay the remainder of the balance of the Notional Commutation Account to the **Named Insured** under Coverages B and C. Payment by the Company shall only be made in return for a complete release of all liability for **Clean-Up Costs**, whether known or unknown, under Coverages B and C. Further, if this Policy has been relied upon by any **Governmental Authority(s)** or other governmental entity as an instrument of financial assurance, the Company shall not have any obligation to pay to the **Named Insureds** any remaining balance of the

Notional Commutation Account as set forth above until the applicable **Governmental Authority(s)** and/or other governmental entity has released the Company from any obligation to pay **Clean-Up Costs**, whether known or unknown, under Coverages B and C or until the **Named Insured(s)** have established, to the satisfaction of the Company, in its sole discretion, that alternative financial assurance has been provided.

**Pilot Project Cost Savings Commutation:** In the event that the **Named Insured** under Coverages B and C and the **Named Insured FORA** provide joint written notice to the Company, accompanied by supporting documentation reasonably acceptable to the Company, that the standard MEC clearance to depth protocol has been approved by the applicable **Governmental Authority(s)**, the Company shall pay to the **Named Insured FORA** from the Notional Commutation Account balance the amount of the **Pilot Project Cost Savings** in exchange for a complete release under all coverages by all **Named Insureds** of all liability for **Clean-Up Costs** for **Clean-Up** beyond the standard MEC clearance to depth protocol, whether known or unknown. Such release will be effective regardless of whether **Clean-Up** beyond the standard MEC clearance to depth protocol is later required by any **Governmental Authority**. However, the maximum amount payable from the Notional Commutation Account balance pursuant to this provision shall be calculated as follows:  $\$9,126.55 \times (519 \text{ minus the number of acres subject to the Pilot Project, as that term is defined in the ESCA})$ .

**Final Commutation:** At any time after the second (2<sup>nd</sup>) anniversary of the **Inception Date**, all **Named Insureds** may jointly elect to commute coverage under this Policy by providing written notice thereof to the Company. In such event, the Company will pay the balance of the Notional Commutation Account to any **Named Insured** specified in the aforesaid notice if so directed in such notice from all **Named Insureds**. Payment by the Company shall only be made in return for a complete release of the Company of all liability under this Policy, whether known or unknown. Further, if this Policy has been relied upon by any **Governmental Authority** or other governmental entity as an instrument of financial assurance, the Company shall not have any obligation to pay the **Named Insureds** any remaining balance of the Notional Commutation Account as set forth above until such **Governmental Authority** or governmental entity has released the Company from any liability it has or may have under this Policy, whether known or unknown, or until the **Named Insured** has established, to the reasonable satisfaction of the Company, that alternative financial assurance has been provided.

**Final Release of Notional Commutation Account:** Upon March 30, 2022, the Company shall release any remaining balance of the Notional Commutation Account to the **Named Insured FORA**.

- B. The Company shall establish a Change Order No. 2 Notional Commutation Account the balance of which shall be calculated as follows:
1. \$3,071,313 credited upon payment of the premium due pursuant to this Endorsement; plus
  2. Funds Growth credited as per below; less
  3. 100% of **Clean-Up Costs** paid by the Company under Coverages B or C for **Clean-Up** performed in Group 1A.

**Funds Growth:** The Change Order No. 2 Notional Commutation Account, if positive, will earn interest at an annual rate equal to the 1 year Constant Maturity Treasury (CMT) Rate yield prevailing on the day the premium is paid to the Company. The CMT will be updated annually as of the anniversary date of policy inception.

**Commutation of Change Order No. 2 Notional Commutation Account:** Upon **Operable Unit Closeout Determination** for **Operable Unit Group 1A**, the **Named Insured** under Coverages B and C may elect to commute coverage under Coverages B and C for all **Clean-Up Costs** by providing written notice thereof to the Company. If the **Named Insured** under Coverages B and C so elects, the Company will pay the balance of the Change Order No. 2 Notional Commutation Account to the **Named Insured** under Coverages B and C. Payment by the

Company shall only be made in return for a complete release of all liability by all **Named Insureds** for **Clean-Up Costs** arising from **Operable Unit** Group 1A, whether known or unknown, under Coverages B and C. Further, if this Policy has been relied upon by any **Governmental Authority(s)** or other governmental entity as an instrument of financial assurance, the Company shall not have any obligation to pay to the **Named Insured** under Coverages B and C any remaining balance of the Change Order No. 2 Notional Commutation Account as set forth above until the applicable **Governmental Authority(s)** and/or other governmental entity has released the Company from any obligation to pay **Clean-Up Costs** arising from **Operable Unit** Group 1A, whether known or unknown, under Coverages B and C or until the **Named Insured(s)** have established, to the satisfaction of the Company, in its sole discretion, that alternative financial assurance has been provided.

11. Section VI. **CONDITIONS**, Paragraph T. **Payment of Premium** is deleted in its entirety and replaced with the following:

T. **Payment of Premium** – The policy premium shall be paid in four installments:

- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
- b) The second premium installment of \$18,000,000 shall be paid on or before September 127, 2007.
- c) The third premium installment of \$9,672,515 shall be paid on or before June 1, 2008; provided, however, that in the event that the third premium installment is paid prior to June 1, 2008, the amount of the third premium installment due shall be reduced by \$1,946 for each day prior to June 1, 2008 that the third premium installment is received by the Company.
- d) The fourth premium installment of \$22,825,131 shall be paid on or before June 1, 2009; provided, however, that in the event that the fourth premium installment is paid prior to June 1, 2009, the amount of the fourth premium installment due shall be reduced by \$4,064 for each day prior to June 1, 2009 that the fourth premium installment is received by the Company.

Failure to pay any policy premium installment required above when due shall constitute failure to pay premium pursuant to Section VI. G. Cancellation above.

12. The **Named Insureds** agree, as a condition precedent to the additional coverage granted by this Endorsement, that the terms of the warranty they provided in connection with the initial underwriting of this Policy also apply to the underwriting of this Endorsement.
13. Notwithstanding any of the terms and conditions of this Endorsement, in the event that the additional premium stated in the first sentence of this Endorsement is not paid on or before October 15, 2007, the Company and all **Named Insureds** agree that the Company shall issue an Endorsement with an effective date of October 15, 2007 which shall delete this Endorsement No. 9 in its entirety, with the exception of this paragraph and further provide that any **Clean-Up Costs** paid or otherwise which would be payable under the terms of this Endorsement No. 9 prior to it becoming ineffective shall be debited from the Notional Commutation Account as described in Section VI.R.

All other terms, conditions, and exclusions shall remain the same.

  
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AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)



ENDORSEMENT NO. 13

This endorsement, effective 12:01 AM, April 25, 2008  
Forms a part of Policy No: EPP 7782507  
issued to: Fort Ord Reuse Authority; LFR Inc.  
By: American International Specialty Lines Insurance Company, Inc.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF DEFINITION OF REMEDIATION SERVICES AGREEMENT ENDORSEMENT

It is hereby agreed that Section VII. DEFINITIONS paragraph U. Remediation Services Agreement, as amended by Endorsement Nos. 8, 9 and 11, is deleted in its entirety and replaced with the following:

- U. Remediation Services Agreement means that certain Remediation Services Agreement by and between FORA and LFR dated March 30, 2007, as amended by the FIRST AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007, SECOND AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007, THIRD AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated April 16, 2008, and Change Order No. 2.

All other terms, conditions, and exclusions shall remain the same.

  
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AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)

ENDORSEMENT NO. 14

This endorsement, effective 12:01 AM, April 25, 2008  
Forms a part of Policy No: EPP 7782507  
Issued to: Fort Ord Reuse Authority; LFR Inc.  
By: American International Specialty Lines Insurance Company, Inc.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF INSURED CONTRACTS AMENDATORY ENDORSEMENT

It is hereby agreed that Scheduled Insured Contract Master Cooperation and Environmental Services Agreement between LFR and Weston Solutions, Inc. dated April 12<sup>th</sup>, 2007, and on file with the Company, is amended by the addition of the following:

As such Agreement has been amended by the First Amendment to Master Cooperation and Environmental Services Agreement effective November 11, 2007, the Second Amendment to Master Cooperation and Environmental Services Agreement effective November 15, 2007, and the Third Amendment to Master Cooperation and Environmental Services Agreement effective April 16, 2008.

All other terms, conditions, and exclusions shall remain the same.



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AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)

ENDORSEMENT NO. 15

This endorsement, effective 12:01 AM, December 18, 2008  
Forms a part of Policy No: EPP 7782507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS CO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FOURTH PREMIUM INSTALLMENT ENDORSEMENT

It is hereby agreed that the fourth premium installment in the amount of \$22,118,547 is due to the Company as of the effective date of this Endorsement in accordance with Item 6 of the Declarations.

Gross Premium	\$22,118,547.00
3% CA State Tax	\$663,556.41
.125% SLA Fee	\$27,648.18
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	\$22,809,751.59

All other terms, conditions, and exclusions shall remain the same.



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AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)

ENDORSEMENT NO. 16

This endorsement, effective 12:01 AM, December 18, 2008  
Forms a part of Policy No: EPP 7782507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS CO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MODIFICATION OF NOTIONAL COMMUTATION ACCOUNT, PAYMENT OF PREMIUM, AND  
DECLARATIONS AMENDATORY ENDORSEMENT

It is hereby agreed as follows:

1. Item 6 POLICY PREMIUM of the Declarations, as amended in Endorsements Nos. 9 and 11, is deleted in its entirety and replaced with the following:

Item 6: POLICY PREMIUM: The policy premium shall be paid in four installments:

- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
  - b) The second premium installment of \$18,000,000 shall be paid on or before September 27, 2007
  - c) The third premium installment of \$9,619,006 shall be paid on or before April 25, 2008.
  - d) The fourth premium installment of \$22,118,547 shall be paid on or before December 18, 2008
2. The seven (7) enumerated items and first paragraph that follows such enumerated items of Section VI. CONDITIONS, paragraph R. Notional Commutation Accounts, Paragraph A., as amended by Endorsements Nos. 9 and 11, are deleted in their entirety and replaced with the following:

R. Notional Commutation Accounts –

- A. The Company shall establish a Notional Commutation Account the balance of which shall be calculated as follows:
  1. \$23,057,066 upon payment of the first premium installment in accordance with Section VI.T. below; plus
  2. \$17,601,203 upon payment of the second premium installment in accordance with Section VI.T. below; plus
  3. \$9,606,379 upon payment of the third premium installment in accordance with Section VI.T. below; plus
  4. \$21,388,374 upon payment of the fourth premium installment in accordance with Section VI.T. below; plus
  5. Funds Growth credited as per below; plus
  6. Subrogation recoveries for Clean-Up Costs paid under Coverages A, B and C; less
  7. 100% of Clean-Up Costs and Loss paid by the Company under Coverages A, B or C; provided that Clean-Up Costs debited from the Change Order No. 2 Notional Commutation Account maintained in accordance with paragraph B. below prior to its exhaustion shall not be debited from the Notional Commutation Account.

Notwithstanding the foregoing, if, at the time of the payment of any premium installment, the Company has made payments of Clean-Up Costs and Loss under Coverages A, B, and/or C in excess of the balance of the Notional Commutation Account, the amount credited to the Notional Commutation Account upon payment of such premium installment shall be reduced by the amount of such payments made by the Company in excess of the balance of the Notional Commutation Account.

3. Section VI. **CONDITIONS**, Paragraph T. **Payment of Premium**, as amended by Endorsement Nos. 9 and 11, is deleted in its entirety and replaced with the following:

**T. Payment of Premium** – The policy premium shall be paid in four installments:

- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
- b) The second premium installment of \$18,000,000 shall be paid on or before September 27, 2007.
- c) The third premium installment of \$9,619,006 shall be paid on or before April 25, 2008.
- d) The fourth premium installment of \$22,118,547 shall be paid on or before December 18, 2008.

Failure to pay any policy premium installment required above when due shall constitute failure to pay premium pursuant to Section VI. G. Cancellation above.

4. Section VII. **DEFINITIONS** paragraph U. **Remediation Services Agreement**, as amended by Endorsements Nos. 9, 11 and 13, is deleted in its entirety and replaced with the following:

**U. Remediation Services Agreement** means that certain Remediation Services Agreement by and between FORA and LFR dated March 30, 2007, as amended by the FIRST AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007, SECOND AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007, THIRD AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated April 16, 2008, FOURTH AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated December 18, 2008, and Change Order No. 2

All other terms, conditions, and exclusions shall remain the same.



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AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)

ENDORSEMENT NO. 17

This endorsement, effective 12:01 AM, December 18, 2008  
Forms a part of Policy No: EPP 7782507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS CO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF INSURED CONTRACTS AMENDATORY ENDORSEMENT

It is hereby agreed that Endorsement No. 14, Schedule of Insured Contracts Amendatory Endorsement, is deleted in its entirety and replaced with the following:

Scheduled Insured Contract Master Cooperation and Environmental Services Agreement between LFR and Weston Solutions, Inc. dated April 12<sup>th</sup>, 2007, and on file with the Company, is amended by the addition of the following:

As such Agreement has been amended by the First Amendment to Master Cooperation and Environmental Services Agreement effective November 11, 2007, the Second Amendment to Master Cooperation and Environmental Services Agreement effective November 15, 2007, the Third Amendment to Master Cooperation and Environmental Services Agreement effective April 16, 2008, and the Fourth Amendment to Master Cooperation and Environmental Services Agreement effective December 18, 2008.

All other terms, conditions, and exclusions shall remain the same.



AUTHORIZED REPRESENTATIVE

or countersignature (in states where applicable)

ENDORSEMENT NO. 17

This endorsement, effective 12:01 AM, December 18, 2008  
Forms a part of Policy No: EPP 7782507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS CO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF INSURED CONTRACTS AMENDATORY ENDORSEMENT

It is hereby agreed that Endorsement No. 14, Schedule of Insured Contracts Amendatory Endorsement, is deleted in its entirety and replaced with the following:

Scheduled Insured Contract Master Cooperation and Environmental Services Agreement between LFR and Weston Solutions, Inc. dated April 12<sup>th</sup>, 2007, and on file with the Company, is amended by the addition of the following:

As such Agreement has been amended by the First Amendment to Master Cooperation and Environmental Services Agreement effective November 11, 2007, the Second Amendment to Master Cooperation and Environmental Services Agreement effective November 15, 2007, the Third Amendment to Master Cooperation and Environmental Services Agreement effective April 16, 2008, and the Fourth Amendment to Master Cooperation and Environmental Services Agreement effective December 18, 2008.

All other terms, conditions, and exclusions shall remain the same.



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AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)

ENDORSEMENT NO. 15

This endorsement, effective 12:01 AM, December 18, 2008  
Forms a part of Policy No: EPP 7782507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS CO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FOURTH PREMIUM INSTALLMENT ENDORSEMENT

It is hereby agreed that the fourth premium installment in the amount of \$22,118,547 is due to the Company as of the effective date of this Endorsement in accordance with Item 6 of the Declarations.

Gross Premium	\$22,118,547.00
3% CA State Tax	\$663,556.41
.125% SLA Fee	\$27,648.18
	<hr/>
	\$22,809,751.59

All other terms, conditions, and exclusions shall remain the same.



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AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)

ENDORSEMENT NO. 16

This endorsement, effective 12:01 AM, December 18, 2008  
Forms a part of Policy No: EPP 7782507  
Issued to: FORT ORD REUSE AUTHORITY; LFR INC.  
By: AMERICAN INTERNATIONAL SPECIALTY LINES INS CO.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MODIFICATION OF NOTIONAL COMMUTATION ACCOUNT, PAYMENT OF PREMIUM, AND  
DECLARATIONS AMENDATORY ENDORSEMENT

It is hereby agreed as follows:

1. Item 6 POLICY PREMIUM of the Declarations, as amended in Endorsements Nos. 9 and 11, is deleted in its entirety and replaced with the following:

Item 6: POLICY PREMIUM: The policy premium shall be paid in four installments:

- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
  - b) The second premium installment of \$18,000,000 shall be paid on or before September 27, 2007
  - c) The third premium installment of \$9,619,006 shall be paid on or before April 25, 2008.
  - d) The fourth premium installment of \$22,118,547 shall be paid on or before December 18, 2008
2. The seven (7) enumerated items and first paragraph that follows such enumerated items of Section VI. CONDITIONS, paragraph R. Notional Commutation Accounts, Paragraph A., as amended by Endorsements Nos. 9 and 11, are deleted in their entirety and replaced with the following:

R. Notional Commutation Accounts -

- A. The Company shall establish a Notional Commutation Account the balance of which shall be calculated as follows:

1. \$23,057,066 upon payment of the first premium installment in accordance with Section VI.T. below; plus
2. \$17,601,203 upon payment of the second premium installment in accordance with Section VI.T. below; plus
3. \$9,606,379 upon payment of the third premium installment in accordance with Section VI.T. below; plus
4. \$21,388,374 upon payment of the fourth premium installment in accordance with Section VI.T. below; plus
5. Funds Growth credited as per below; plus
6. Subrogation recoveries for Clean-Up Costs paid under Coverages A, B and C; less
7. 100% of Clean-Up Costs and Loss paid by the Company under Coverages A, B or C; provided that Clean-Up Costs debited from the Change Order No. 2 Notional Commutation Account maintained in accordance with paragraph B. below prior to its exhaustion shall not be debited from the Notional Commutation Account.

Notwithstanding the foregoing, if, at the time of the payment of any premium installment, the Company has made payments of Clean-Up Costs and Loss under Coverages A, B, and/or C in excess of the balance of the Notional Commutation Account, the amount credited to the Notional Commutation Account upon payment of such premium installment shall be reduced by the amount of such payments made by the Company in excess of the balance of the Notional Commutation Account.

3. Section VI. CONDITIONS, Paragraph T. Payment of Premium, as amended by Endorsement Nos. 9 and 11, is deleted in its entirety and replaced with the following:

T. Payment of Premium – The policy premium shall be paid in four installments:

- a) The first premium installment of \$32,380,000 shall be paid on or before March 31, 2007.
- b) The second premium installment of \$18,000,000 shall be paid on or before September 27, 2007.
- c) The third premium installment of \$9,619,006 shall be paid on or before April 25, 2008.
- d) The fourth premium installment of \$22,118,547 shall be paid on or before December 18, 2008.

Failure to pay any policy premium installment required above when due shall constitute failure to pay premium pursuant to Section VI. G. Cancellation above.

4. Section VII. DEFINITIONS paragraph U. Remediation Services Agreement, as amended by Endorsements Nos. 9, 11 and 13, is deleted in its entirety and replaced with the following:

U. Remediation Services Agreement means that certain Remediation Services Agreement by and between FORA and LFR dated March 30, 2007, as amended by the FIRST AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007, SECOND AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated September 28, 2007, THIRD AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated April 18, 2008, FOURTH AMENDMENT TO FORT ORD REMEDIATION SERVICES AGREEMENT dated December 18, 2008, and Change Order No. 2

All other terms, conditions, and exclusions shall remain the same.



AUTHORIZED REPRESENTATIVE  
or countersignature (in states where applicable)