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**Recording Requested By:**

Torrance Freeway Business Center II  
2301-2305 West 190<sup>th</sup> Street  
Torrance, California 90504



**When Recorded, Mail To:**

Jonathan Bishop, Executive Officer  
California Regional Water Quality  
Los Angeles Region  
320 W. 4<sup>th</sup> Street, Suite 200  
Los Angeles, California 90013

4700 8592-X15

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CALIFORNIA REGIONAL WATER  
QUALITY CONTROL BOARD  
LOS ANGELES REGION

COVENANT AND ENVIRONMENTAL RESTRICTION  
ON PROPERTY

Torrance Freeway Business Center II  
2301-2305 West 190<sup>th</sup> Street  
Torrance, California 90504  
LARWQCB SLIC Case No. 1043

This Covenant and Environmental Restriction on Property ("Covenant") is made as of the 23<sup>RD</sup> day of FEB., 2007 by Torrance Land Partners, LLC, ("Covenantor") who is the Owner of record of that certain property situated at 2301 - 2305 West 190<sup>th</sup> Street, in the City of Torrance, County of Los Angeles, State of California, which is more particularly described in Exhibit A attached hereto and incorporated herein by this reference (hereinafter referred to as the "Burdened Property"), for the benefit of the California Regional Water Quality Control Board, Los Angeles Region ("Board"), with reference to the following facts:

A. Nature of Covenant. This Covenant is an environmental covenant provided for by Civil Code section 1471 and required by the Board pursuant to Water Code section 13307.1, because the Burdened Property is contaminated by hazardous materials as defined in section 25260 of the Health and Safety Code.

B. Contamination of the Burdened Property. The soil, soil vapor, and groundwater at the Burdened Property have been contaminated by former manufacturing operations. The known contamination consists of volatile organic compounds (VOCs) including 1,1,1-trichloroethane (1,1,1-TCA); 1,1-dichloroethene (1,1-DCE); trichloroethene (TCE) and tetrachloroethene (PCE) with lesser amounts of *cis* 1,2-dichloroethene (*cis* 1,2-DCE); 1,1-dichloroethane (1,1-DCA); vinyl chloride; chlorofluorocarbons (Freon 11, Freon 113) and benzene, toluene, ethylbenzene, and xylenes (BTEX). Groundwater is also contaminated with 1,4-dioxane, a semi-volatile organic compound. All of these chemicals constitute hazardous materials. VOCs in the soil will be addressed using soil vapor extraction as the proposed cleanup method for vadose zone soils. A remedial action plan for groundwater to address dissolved-phase VOCs and 1,4-dioxane will be developed once groundwater contaminant assessment has been completed. Prior to remediation,

SEE EXHIBIT A

4090-025-018



in order to minimize exposure to VOCs from soil vapor and/or groundwater that can diffuse upward and accumulate in indoor air spaces, engineering controls (a high density polyethylene vapor barrier and passive ventilation system) have been constructed beneath the building foundation. In addition, a Human Health Risk Assessment has been conducted and periodic indoor air monitoring will be required.

C. Exposure Pathways. The contaminants addressed in this Covenant are present in the soil, soil vapor, and groundwater beneath and offsite from the Burdened Property. Without mitigation measures (such as engineering controls, monitoring, and remediation) performed on the Burdened Property, exposure to these chemicals may occur by volatilization, diffusion, indoor air accumulation, and subsequent vapor inhalation. The potential for exposure to workers and the public will be substantially lessened by remediation and the engineering controls described herein.

D. Land Uses and Population Potentially Affected. The Burdened Property currently consists of a vacant, two-story office building with adjacent parking and landscape areas. The building is intended to be divided into three separately owned units to be used for commercial office space. The Burdened Property is adjacent to properties having industrial, commercial, and residential land uses.

E. Disclosure and Sampling. Disclosure of the presence of hazardous materials on the Burdened Property has been made to the Board and extensive sampling of the Burdened Property has been conducted.

F. Use of Burdened Property. Covenantor desires and intends that in order to benefit the Board, and to protect the present and future public health and safety, the Burdened Property shall be used in such a manner as to avoid potential harm to persons or property that might result from any hazardous materials that might remain deposited on portions of the Burdened Property.

ARTICLE I  
GENERAL PROVISIONS

1.1 Provisions to Run with the Land. This Covenant sets forth protective provisions, covenants, conditions and restrictions (collectively referred to as "Restrictions") upon and subject to which the Burdened Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. These Restrictions are reasonably necessary to protect present and future human health and safety or the environment as a result of the presence on the land of hazardous materials. Each and all of the Restrictions shall run with the land and pass with each and every portion of the Burdened Property, and shall apply to, inure to the benefit of, and bind the respective successors in interest thereof for the benefit of the Board and all Owners and Occupants. Each and all of the Restrictions: (a) are imposed upon the entire Burdened Property, unless expressly stated as applicable to a specific portion of the Burdened Property, (b) run with the land pursuant to section 1471 of the Civil Code, and (c) are enforceable by the Board.

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1.2 Concurrence of Owners and Lessees Presumed. All purchasers, lessees, and possessors of all or any portion of the Burdened Property shall become Owners or Occupants as defined herein and shall be deemed by their purchase, leasing, or possession of the Burdened Property to be bound by the Restrictions and to agree for and among themselves, their heirs, successors, and assignees, and the agents, employees, and lessees of such owners, heirs, successors, and assignees, that the Restrictions herein established must be adhered to for the benefit of the Board and all Owners and Occupants, and that the interest of all Owners and Occupants of the Burdened Property shall be subject to the Restrictions.

1.3 Incorporation into Deeds and Leases. The Covenantor and future Owners and Occupants shall, prior to the sale, lease, or rental of all or any portions of the Burdened Property, give written notice that a release of hazardous substances has come to be located on or beneath the Burdened Property, pursuant to Health and Safety Code section 25359.7. Such written notice shall include a copy of this Covenant. Covenantor desires and covenants that the Restrictions shall be incorporated in and attached to each and all deeds and leases of all or any portion of the Burdened Property. Recordation of this Covenant shall be deemed binding on all successors, assigns, and lessees, regardless of whether a copy of this Covenant has been attached to or incorporated into any given deed or lease.

1.4 Purpose. It is the purpose of this instrument to convey to the Board real property rights, which will run with the land, to facilitate the remediation of past environmental contamination and to protect human health and the environment by reducing the risk of exposure to residual hazardous materials.

ARTICLE II  
DEFINITIONS

2.1 Board. "Board" shall mean the California Regional Water Quality Control Board, Los Angeles Region and shall include its successor agencies, if any.

2.2 Improvements. "Improvements" shall mean all buildings, structures, roads, driveways, gradings, re-gradings, and paved areas, constructed or placed upon any portion of the Burdened Property.

2.3 Occupant or Occupants. "Occupant" or "Occupants" shall mean Owners and those persons entitled by ownership, leasehold, or other legal relationship to the right to use and/or occupy all or any portion of the Burdened Property.

2.4 Owner or Owners. "Owner" or "Owners" shall mean the Covenantor and Covenantor's successors in interest who hold title to all or any portion of the Burdened Property.

2.5 Vapor Barrier. "Vapor Barrier" shall mean the vapor barrier consisting of a high density polyethylene membrane that has been installed beneath the building foundation.

2.6 Passive Ventilation System. "Passive Ventilation System" shall mean the venting system

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consisting of factory-slotted high density polyethylene horizontal piping within gravel-filled trenches installed beneath the vapor barrier and connected to vertical steel vent risers.

ARTICLE III  
DEVELOPMENT, USE AND CONVEYANCE OF THE BURDENED PROPERTY

3.1 Restrictions on Development and Use. Covenantor promises to restrict the use of the Burdened Property as follows:

- a. Development and use of the Burdened Property shall be restricted to industrial, commercial, retail, or office space;
- b. No residence for human habitation shall be authorized on the Burdened Property;
- c. No hospitals shall be authorized on the Burdened Property;
- d. No schools for persons under 21 years of age shall be authorized on the Burdened Property;
- e. No care or community centers for children or senior citizens, or other uses that would involve the regular congregation of children or senior citizens, shall be authorized on the Burdened Property;
- f. No Owner or Occupant shall conduct or authorize any excavation work on the Burdened Property into impacted soil, unless expressly authorized in writing by the Board. Any contaminated soils brought to the surface by grading, excavation, trenching, or backfilling shall be managed by the Owner, Owner's agent, Occupant or Occupant's agent in accordance with all applicable provisions of local, state and federal law;
- g. Any excavation conducted on the Burdened Property into impacted soil shall be performed pursuant to an appropriate and fully implemented Health and Safety Plan approved by the Board. Appropriate health and safety measures shall be fully implemented during any site redevelopment activities that might include, but are not limited to, developing and implementing site-specific health and safety plans and obtaining permits from the South Coast Air Quality Management District and other local, state or federal agencies.
- h. All uses and development of the Burdened Property shall be consistent with any applicable Board Order or Risk Management Plan, each of which is hereby incorporated herein by reference, and including future amendments thereto. All uses and development shall preserve the integrity of the Vapor Barrier and Passive Ventilation System, any remedial measures taken or remedial equipment installed, and any groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Board, unless otherwise expressly authorized in writing by the Board;
- i. No Owner or Occupant shall drill, bore, otherwise construct, or use a well for the purpose



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of extracting water for any use, including but not limited to, domestic, potable, or industrial uses, unless expressly authorized in writing by the Board; nor shall the Owner or Occupant authorize or engage any third party to do such acts;

j. The Owner and Occupant shall notify the Board of each of the following: (1) the type, cause, location and date of any disturbance to the Vapor Barrier and Passive Ventilation System, any remedial measures taken or remedial equipment installed, and of the groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Board, which could affect the ability of the Vapor Barrier and Passive Ventilation System or remedial measures, remedial equipment, or monitoring system to perform their respective functions and (2) the type and date of repair of such disturbance. Notifications to the Board shall be made by registered mail within ten (10) working days of both the date of discovery of such disturbance and the date of completion of repairs;

k. The Owner and Occupant agree that the Board, and any persons acting pursuant to Board orders, approvals, or authorizations shall have reasonable access to the Burdened Property for the purposes of inspection, surveillance, maintenance, or monitoring as provided in Division 7 of the Water Code, or for investigation or remedial activities; and

l. No Owner or Occupant shall act in any manner that threatens or is likely to aggravate or contribute to the existing contaminated conditions of the Burdened Property. All use and development of the Burdened Property shall preserve the integrity of the Vapor Barrier and Passive Ventilation System.

m. Each owner and occupant shall notify the Board of any change in operation regarding the storage and handling of chemicals or the processing and disposal of hazardous wastes on the Burdened Property.

3.2 Enforcement. Failure of an Owner or Occupant to comply with any of the Restrictions set forth in Paragraph 3.1 shall be grounds for the Board, by the authority of this Covenant, to require that the Owner or Occupant modify or remove, or cause to be modified or removed, any Improvements constructed in violation of that Paragraph. Violation of this Covenant shall also be grounds for the Board to file civil actions against the Owner or Occupant as provided by law.

3.3 Notice in Agreements. After the date of recordation hereof, all Owners and Occupants shall execute a written instrument which shall accompany all purchase agreements or leases relating to all or any portion of the Burdened Property. Any such instrument shall contain the following statement:

The land described herein contains hazardous materials in soils and in the groundwater under the property, and is subject to a Covenant and Environmental Restriction dated as of FEBRUARY 23, 2007, and recorded on \_\_\_\_\_, 20\_\_\_\_, in the Official Records of \_\_\_\_\_ County, California, as Document No. \_\_\_\_\_, which Covenant and Environmental Restriction imposes certain covenants,

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conditions, and restrictions on usage of the property described herein. This statement is not a declaration that a hazard exists.

ARTICLE IV  
VARIANCE AND TERMINATION

4.1 Variance. Any Owner or, with the Owner's written consent, any Occupant may apply to the Board for a written variance from the provisions of this Covenant.

4.2 Termination. Any Owner or, with the Owner's written consent, any Occupant may apply to the Board for a termination of the Restrictions as they apply to all or any portion of the Burdened Property.

4.3 Term. Unless terminated in accordance with Paragraph 4.2 above, by law or otherwise, this Covenant shall continue in effect in perpetuity.

ARTICLE V  
MISCELLANEOUS

5.1 No Dedication Intended. Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Burdened Property or any portion thereof to the general public.

5.2 Notices. Whenever any person gives or serves any notice, demand, or other communication with respect to this Covenant, each such notice, demand, or other communication shall be in writing and shall be deemed effective (a) when delivered, if personally delivered to the person being served or an official of a government agency being served, or (b) three (3) business days after deposit in the mail if mailed by United States mail, postage paid certified, return receipt requested, addressed:

*If To: "Covenantor"*  
Torrance Land Partners, LLC  
2301 – 2305 West 190<sup>th</sup> Street  
Torrance, California 90504

*If To: "Owner of Property"*  
2301 West 190<sup>th</sup> Street  
Torrance, California 90504

*If To: "Owner of Property"*  
2303 West 190<sup>th</sup> Street  
Torrance, California 90504

*If To: "Owner of Property"*  
2305 West 190<sup>th</sup> Street

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If To: "Board"  
Regional Water Quality Control Board  
Los Angeles Region  
Attention: Executive Officer  
320 W. 4<sup>th</sup> Street, Suite 200  
Los Angeles, California 90013

5.3 Partial Invalidity. If any portion of the Restrictions or terms set forth herein is determined by a court having jurisdiction to be invalid for any reason, the remaining portion shall remain in full force and effect as if such portion had not been included herein.

5.4 Article Headings. Headings at the beginning of each numbered article of this Covenant are solely for the convenience of the parties and are not part of the Covenant.

5.5 Recordation. This instrument shall be executed by the Covenantor and by the Executive Officer of the Board. This instrument shall be recorded by the Covenantor in the County of Los Angeles within ten (10) days of the date of execution.

5.6 References. All references to Code sections include successor provisions.

5.7 Construction. Any general rule of construction to the contrary notwithstanding, this instrument shall be liberally construed in favor of the Covenant to preserve and implement the purpose of this instrument and the policies and purposes of the Water Code. If any provision of this instrument is found to be ambiguous, an interpretation consistent with the purpose of this instrument that would render the provision valid shall be favored over any interpretation that would render it invalid.

IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.

Covenantor: \_\_\_\_\_  
By: DAN CHANDLER  
Title: Member  
Date: 3/14/07

California Regional Water Quality Control Board,  
Los Angeles Region

By: [Signature]  
Title: Executive Officer  
Date: 2/23/07

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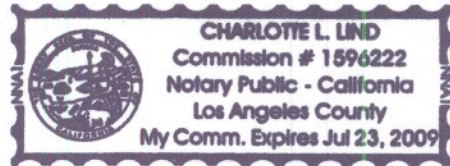
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STATE OF CALIFORNIA ) Acknowledgment as to Covenantor  
 )  
COUNTY OF Los Angeles )

On March 14, 2007 before me, Charlotte L. Lind, Notary Public,  
[insert date] [insert name and title of officer]  
the undersigned, personally appeared Dan Chandler,  
[insert Covenantor's or Covenantor's agent's name]  
personally known to me or proved to me on the basis of satisfactory evidence to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their  
signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s)  
acted, executed the instrument.

WITNESS my hand and official seal.

Charlotte L. Lind  
Notary Public in and for said  
County and State

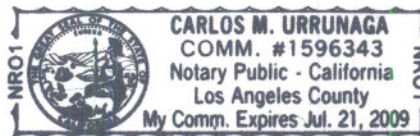


STATE OF CALIFORNIA ) Acknowledgment as to California Regional Water  
 ) Quality Control Board, Los Angeles Region  
COUNTY OF Los Angeles )

On Feb 23, 2007 before me, Carlos M. Urrunaga, Notary Public,  
[insert date] [insert name and title of officer]  
the undersigned, personally appeared JONATHAN S. BISHOP, personally known to me or  
proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to  
the within instrument and acknowledged to me that he executed the same in his authorized  
capacity as Executive Officer, and that by his signature on the instrument the California Regional  
Water Quality Control Board, Los Angeles Region executed the instrument.

WITNESS my hand and official seal.

[Signature]  
Notary Public in and for said  
County and State



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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Legal Description of the Property as described on the attached document.

PARCEL A:

LOTS 8 AND 9 OF TRACT NO. 54148, IN THE CITY OF TORRANCE, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 1300 PAGES 44 TO 48 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS AMENDED BY A CERTIFICATE OF CORRECTION, RECORDED APRIL 15, 2005 AS INSTRUMENT NO. 05-877364.

EXCEPT THEREFROM ALL MINERALS, OIL, GAS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES UNDERLYING SAID LAND, WITHOUT RIGHT OF SURFACE ENTRY THERETO, AS RESERVED BY THE FARMERS AND MERCHANTS NATIONAL BANK OF LOS ANGELES, IN DEED RECORDED OCTOBER 23, 1952 AS INSTRUMENT NO. 1100 IN BOOK 40142 PAGE 297, OFFICIAL RECORDS.

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