

Exhibit 8

The form of the Site Funds Escrow Agreement

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement") is made as of May 22, 2003, by and among BKK CORPORATION, a California corporation ("BKK"), the REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA, a municipal corporation (the "Agency"), and WELLS FARGO BANK, N.A. ("Escrow Holder"), with reference to the following facts:

A. BKK and the Agency have previously entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of June 27, 2002 (the "Purchase Agreement"), for the purchase and sale and license of certain real property located in the City of West Covina, County of Los Angeles, State of California, more particularly described therein. (Unless otherwise defined herein, all capitalized terms used in this Agreement shall bear the same meanings as ascribed to them in the Purchase Agreement.)

B. Pursuant to Section 10(d)(ii) of the Purchase Agreement, the terms of which are incorporated herein by this reference (and with which Escrow Holder shall not be concerned), BKK has agreed to dedicate any monies received from the Agency's acquisition of the Property to, among other things, remediation activities related to the BKK Landfill Site. As part of this Agreement, BKK agrees to relinquish control over these monies as provided in this Agreement.

C. The City of West Covina, California is negotiating two separate Agreements and Covenants Not to Sue the City of West Covina, California, one with the State of California and the other with the United States (the "Prospective Purchaser Agreements"). The Prospective Purchaser Agreements will provide that the State of California and the United States, respectively, contingent on conditions set forth in the Prospective Purchaser Agreements, will covenant not to sue or take other civil or administrative action against the City of West Covina, California for certain potential specified liabilities with respect to "Existing Contamination" as defined in the Prospective Purchaser Agreements.

D. The Prospective Purchaser Agreements condition the covenants not to sue the City of West Covina, California on, among other things, the monies received from the Agency's acquisition of the Property being dedicated to BKK's environmental obligations at the BKK

Landfill Site in accordance with Section 10(d)(ii) of the Purchase Agreement. BKK's environmental obligations at the BKK Landfill Site include remedial and regulatory obligations required by the California Department of Toxic Substances Control ("DTSC"), the United States Environmental Protection Agency ("US EPA"), and numerous other regulatory bodies.

E. BKK and the Agency intend to establish an escrow for the disbursement of funds received by BKK as required by Section 10(d)(ii) of the Purchase Agreement and the Prospective Purchaser Agreements, which escrow shall operate to ensure that the provisions of the Purchase Agreement and the Prospective Purchaser Agreements are met and that the State of California's and United States' covenants not to sue the City of West Covina, California remain intact, all as more fully set forth hereinafter.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, BKK, the Agency and Escrow Holder hereby agree as follows:

1. **Deposit of Funds.** Concurrently with close of Escrow under the Purchase Agreement, BKK shall deposit or shall cause to be deposited with Escrow Holder the net proceeds from BKK's sale of the Property. (The monies to be deposited with the Escrow Holder in accordance with this Section 1 are hereinafter collectively referred to as the "Funds.") The Monitoring Protocol Funds (as defined below) and the remainder of the Funds (*i.e.*, the Funds less the Monitoring Protocol Funds) shall be deposited with Escrow Holder and shall be held and invested by Escrow Holder in two money market accounts, as follows: the Monitoring Protocol Funds: Wells Fargo Government Money Market Fund account number 14641801; the remainder of Funds (*i.e.*, the Funds less the Monitoring Protocol Funds): Wells Fargo Government Money Market Fund account number 14641800, with all interest or investment earnings thereon, if any, to be added to and made a part of the Funds (the "Escrow"), and Escrow Holder shall not commingle the Funds with any other funds. Escrow Holder shall have no responsibility or liability for any losses on the investment of the Funds made pursuant to this Section 1. Disbursement of any portion of the Funds shall be subject to the terms and conditions of this Agreement.

2. Use of Funds. Exhibit "A" attached hereto sets forth a list of those purposes for which the Funds may be used (the "Permitted Disbursements"). Subject to the provisions of Section 3(e) below, which governs the use of the Monitoring Protocol Fund (as defined therein), BKK and the Agency agree that the Funds shall be used solely for all or any of the Permitted Disbursements.

3. Disbursement of Funds. The Funds shall be disbursed by Escrow Holder in accordance with the following:

(a) BKK shall have the right to request the disbursement of Funds upon written request to Escrow Holder, accompanied by copies of invoices, purchase orders or other reasonably detailed documentation describing the purpose and each payee of the disbursement (each, a "Disbursement Request"). Each Disbursement Request shall include a statement indicating, for each disbursement item, the specific category(ies) of Permitted Disbursement(s) described at Exhibit "A" attached hereto, which may be by reference to the number of each category; provided, however that any item of a Disbursement Request which is attributable to those matters described in Items 4 and/or 6 of Exhibit "A" shall provide such additional descriptive detail as may be necessary in order to describe the same with reasonable particularity. BKK shall provide a simultaneous copy (i.e., delivered on the same date as the Disbursement Request is submitted to Escrow Holder) of each Disbursement Request, including all attachments thereto, to the Agency. Disbursement Requests may be made based upon sums due and owing or upon payment previously made by BKK but not reimbursed under this Agreement or from any other source. BKK shall not be obligated to disclose attorney-client privileged information or confidential personnel records to comply with this Agreement, but if such confidential information or personnel records are at issue, BKK shall so state in writing. Each Disbursement Request shall be accompanied by a certification in the following form, executed by the president, chief operating officer or chief financial officer of BKK:

"I certify under penalty of perjury under the laws of the State of California that I have personally examined and am familiar with the items described in the attached Disbursement Request and that, to the best of my knowledge and belief, said Disbursement Request includes only items which are defined as 'Permitted Disbursements' under that certain Escrow Agreement, dated as of

May 22, 2003, by and between BKK Corporation and the
Redevelopment Agency of the City of West Covina.

“Executed on this ___ day of _____, 200_ at _____,
California.”

Notwithstanding anything to the contrary contained herein, nothing in this paragraph (a) is intended to impose personal liability on the person providing certification described above (except with respect to intentional untruthful statements made under penalty of perjury), in the event that a Disbursement Request is later determined to be for a requested expenditure which is not a Permitted Disbursement. The parties acknowledge and agree that Escrow Holder shall have no duty or responsibility to evaluate or determine the sufficiency of any Disbursement Request submitted to it by BKK hereunder, or any documentation attached thereto, and in making any disbursement of Funds under this Section 3, Escrow Holder shall be entitled to rely upon the certification of BKK described above.

(b) Provided that the aggregate amount of all Disbursements Requests made in the same calendar month as the subject Disbursement Request shall not exceed Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000.00) (the “Disbursement Threshold”), then Escrow Holder shall disburse the requested Funds no later than close of business on the third (3rd) business day following receipt of BKK’s Disbursement Request. Each disbursement shall be paid by Escrow Holder to BKK by wire transfer to an account designated by BKK.

(c) In the event that the Agency believes that all or any portion of a Disbursement Request for amounts less than the Disbursement Threshold was not for a Permitted Disbursement, then the Agency shall notify BKK and the Escrow Holder in writing of the specific disputed item within five (5) business days of receipt or deemed receipt of the Disbursement Request. Within five (5) business days following receipt or deemed receipt by BKK of such notice from the Agency, BKK and the Agency shall promptly submit the subject controversy to the Neutral Arbitrator for determination of whether the disputed amount within the Disbursement Threshold was a Permitted Disbursement, pursuant to Section 6 below, by providing written notice of dispute to the Neutral Arbitrator. In the event that a final determination is not issued by the Neutral Arbitrator to BKK, the Agency and the Escrow Holder prior to the date of the next following Disbursement Request, the Disbursement Threshold for

the next Disbursement Request only shall be reduced by an amount equal to the total amount(s) in controversy. (As an example only, if the next Disbursement Request were otherwise for \$350,000 and a disputed amount of \$50,000 was still pending before the Neutral Arbitrator at the time of the next Disbursement Request, the Disbursement Threshold for the next Disbursement Request only would be reduced to \$300,000, and BKK would be required to seek approval of any amount over \$300,000 for that particular Disbursement Request, pursuant to the terms of subparagraph (f) below.) If, upon the Neutral Arbitrator's issuance of a final determination (i) the Neutral Arbitrator determines that all or any portion of the disputed amount described above was not a Permitted Disbursement, then the disapproved amount shall be withheld from disbursement by the Escrow Holder in connection with the next Disbursement Request and shall not be disbursed for the purpose originally requested by BKK, and (ii) the Neutral Arbitrator determines that all or any portion of the disputed amount described above was a Permitted Disbursement, then no further action need be taken with respect to the approved amount.

(d) Notwithstanding anything to the contrary contained herein, when the remaining undisbursed Funds (exclusive of the Monitoring Protocol Funds, defined below) are equal to or less than (i) 110% of the total of all amounts previously determined by the Neutral Arbitrator not to be Permitted Disbursements, or (ii) \$385,000.00 (i.e., 110% of the Disbursement Threshold), whichever is greater, then the Agency shall have the right to approve all following Disbursement Requests pursuant to the terms of subparagraph (f) below, regardless of whether any such Disbursement Request is less than the Disbursement Threshold.

(e) A portion of the Funds, equal to Four Hundred Twenty Thousand and 00/100 Dollars (\$420,000.00), together with any interest accrued thereon (collectively, the "Monitoring Protocol Funds"), shall be segregated in a separate account in the Escrow. The Monitoring Protocol Funds shall be used solely for the payment of a financial assurance mechanism for the implementation of the Monitoring Protocol attached as Exhibit "D" to the First Modification to Administrative Order on Consent entered into by and between US EPA and BKK (In the Matter of: BKK Corporation, US EPA Docket No. RCRA-9-2000-0003), dated January 22, 2002 (the "Monitoring Protocol"), or the implementation of the Monitoring Protocol. The Monitoring Protocol Funds shall be disbursed for implementation of the Monitoring Protocol and/or the purchase of a financial assurance mechanism for the implementation of the

Monitoring Protocol only upon written direction of the City and BKK and concurred in writing by an associate director of US EPA Waste Management Division (the "US EPA Authorized Signatory") and the chief of the Permitting Division for DTSC's Hazardous Waste Management Program or the deputy director of the DTSC's Hazardous Waste Management Program (collectively, the "DTSC Authorized Signatory"). The Disbursement Threshold shall not apply to the Monitoring Protocol Funds. Notwithstanding anything to the contrary contained herein, upon a written instruction executed by BKK and the Agency directing the Escrow Holder to disburse the Monitoring Protocol Funds to the Agency, the Escrow Holder shall promptly disburse the Monitoring Protocol Funds pursuant to said instruction, which disbursement may be separate and apart from the disbursement of any other portion of the Funds; provided, however, that any such instruction shall be concurred in writing by a US EPA Authorized Signatory and a DTSC Authorized Signatory.

(f) Except for the Monitoring Protocol Funds, if the aggregate amount of all Disbursement Requests made in the same calendar month as the current Disbursement Request exceeds the Disbursement Threshold, then any Disbursement Request or portion thereof in excess of the Disbursement Threshold shall be subject to the prior written approval of the Agency, which approval shall not be unreasonably withheld. BKK shall notify the Agency and the Escrow Holder of any Disbursement Request in excess of the Disbursement Threshold in writing pursuant to the terms of Section 9 below. The Agency's approval or disapproval of any Disbursement Request shall be limited to the Agency's determination of whether the Disbursement Request is for a Permitted Disbursement. The Agency, through its authorized representative, shall use its best efforts to provide its written approval or disapproval of a Disbursement Request to BKK and the Escrow Holder no later than close of business on the third (3rd) business day following the Agency's receipt or deemed receipt of the Disbursement Request; provided, however, that if the Agency fails to provide written approval or disapproval by the close of business on the third (3rd) business day, then BKK shall re-notify the Agency and the Escrow Holder in writing, including a copy of the earlier written notification and a separate written notice of the Agency's failure to respond within the initial three-business-day period. The Agency, through its authorized representative, shall provide its written approval or disapproval of the subject Disbursement Request to BKK and the Escrow Holder no later than close of business on the second (2nd) business day following the Agency's receipt or deemed

receipt of BKK's re-notification of the Disbursement Request. The Agency's failure to respond in writing within said two-business-day period shall be deemed to constitute the Agency's approval of the subject Disbursement Request and BKK shall notify the Agency and the Escrow Holder in writing of the Agency's deemed approval.

(g) In the event that the Agency approves a Disbursement Request, then the Escrow Holder shall disburse the Funds in accordance with the Disbursement Request no later than close of business on the third (3rd) business day following the Agency's approval or deemed approval of the Disbursement Request.

(h) In the event that the Agency disapproves a Disbursement Request, then the Agency shall provide to BKK contemporaneously with its written disapproval reasonably detailed written reasons for said disapproval. Upon the Agency's written disapproval, BKK shall be entitled to (i) withdraw its Disbursement Request, (ii) amend and resubmit its Disbursement Request, or (iii) refer the disputed Disbursement Request to the Neutral Arbitrator (as defined below), pursuant to the provisions of Section 6 below.

(i) Escrow fees shall be paid from the Funds and shall be deducted from the Escrow on an annual or other regular basis by the Escrow Holder. The Escrow Holder shall provide an accounting of such fees to BKK and the Agency at regular intervals as may be requested by BKK or the Agency. Escrow fees shall not be deducted from the Monitoring Protocol Funds unless all the remaining Funds have been previously expended in accordance with the provisions hereof.

4. **Insurance Disbursements.** Pursuant to the terms of the Environmental Liability Policies (as defined in the Purchase Agreement), BKK is entitled to reimbursement of certain environmental remediation and/or monitoring costs incurred at the BKK Landfill Site. For purposes of this Agreement, BKK and the Agency acknowledge and agree that certain of the Permitted Disbursements described at Exhibit "A" are also reimburseable under the Environmental Liability Policies and are set forth at Exhibit "B" attached hereto (the "Insurance Disbursements"). Notwithstanding anything to the contrary contained herein, not more than fifty percent (50%) of the Funds at the time of the establishment of the Escrow (excluding the Monitoring Protocol Funds) may be disbursed for Insurance Disbursements purposes. Each

Disbursement Request shall specify the amount of said Disbursement Request, if any, which shall be used for an Insurance Disbursement, and each monthly accounting required by Section 6 below shall specify in detail the Insurance Disbursements for the immediate past calendar month. If and when fifty percent (50%) of the Funds (excluding the Monitoring Protocol Funds) has been disbursed for purposes of Insurance Disbursements, no further disbursements of Funds for Insurance Disbursements shall be permitted hereunder. The Escrow Holder shall have no duty or responsibility to confirm whether BKK is in compliance with the requirements of this Section 4.

5. **Administrative and Overhead Costs/Disbursements.** Not more than twenty-two and one-half percent (22.5%) of the Funds at the time of the establishment of the Escrow (excluding Monitoring Protocol Funds) may be disbursed for those costs and expenses listed under Item 6 at Exhibit "A" attached hereto (collectively, the "Administrative and Overhead Costs"). Administrative and Overhead Costs shall directly relate to remediation activities related to the BKK Landfill Site and specifically to one or more of the other Permitted Disbursements shown on Exhibit "A," and shall include and be limited to the following items: payroll and benefits for management, accounting, secretarial and related personnel; insurance; office expenses and equipment; legal fees (including legal fees related to the drafting and negotiation of the Prospective Purchaser Agreement for the Fee Property, by and between the US EPA and the City of West Covina); professional fees; real estate taxes and fees; data processing; communications; postage and delivery; utilities; vehicle-related costs; facility maintenance and security; licenses; taxes; and community relations. In addition to invoice payments to vendors and payees, there are contractual payments related to remediation activities at the BKK Landfill Site. Payments on contractual obligations with the following parties only are included in Administrative and Overhead Costs: County Sanitation Districts, Ford Motor Credit, GE Capital, PR Fertig, Jack Thompson, MWB Business Systems, AICCO, Earthlink and Sun Micro Systems. The Escrow Holder shall have no duty or responsibility to confirm whether BKK is in compliance with the requirements of this Section 5.

6. **Arbitration.**

(a) BKK and the Agency hereby appoint [] (the "Neutral Arbitrator") to serve as the sole arbitrator for the purposes of this Agreement.

(b) In the event that the Agency disapproves a Disbursement Request, then BKK shall be entitled to refer the disputed Disbursement Request to the Neutral Arbitrator for determination within thirty (30) days following BKK's receipt or deemed receipt of the Agency's written notice of disapproval. BKK's written notice to the Neutral Arbitrator shall include without limitation copies of the disputed Disbursement Request and all associated documentation and the Agency's written disapproval and reasons therefor.

(c) Within five (5) business days following receipt of BKK's written notice, as provided in subparagraph (b) above, or within (5) business days following receipt of the Agency's and BKK's written notice of a dispute, as provided in paragraph 3(c) above, the Neutral Arbitrator shall determine in its sole discretion whether the Disbursement Request is a Permitted Disbursement. The Neutral Arbitrator shall have the right to reasonably require BKK and the Agency to provide additional evidence in making its determination; provided, however, that the Neutral Arbitrator shall use its good faith efforts to render its decision as economically as possible. Any communications between or among the Neutral Arbitrator, BKK and/or the Agency shall be made jointly, with all parties copied on written communication or present for oral communication. The Neutral Arbitrator shall render its decision in writing within five (5) business days following receipt of BKK's written notice or the Agency's and BKK's written notice, as described above, and shall deliver same to BKK, the Agency and the Escrow Holder. If the Neutral Arbitrator determines that the Disbursement Request is a Permitted Disbursement, then the Escrow Holder shall disburse the requested Funds pursuant to the Disbursement Request no later than one (1) business day following receipt of the Neutral Arbitrator's written decision. If the Neutral Arbitrator determines that the Disbursement Request is not a Permitted Disbursement, then the Escrow Holder shall not disburse any Funds pursuant to the Disbursement Request.

(d) The Neutral Arbitrator's decision shall be binding on the parties and shall not be appealable except for those grounds described in California Code of Civil Procedure Section 1286.2. The determination by the Neutral Arbitrator shall be made privately and the parties shall not be entitled to present evidence or to conduct a hearing before the Neutral Arbitrator.

(e) The initial costs of the Neutral Arbitrator (e.g., the setting up of files) shall be shared equally by the parties. The costs of the Neutral Arbitrator incurred in connection with its determination of any disputed Disbursement Request shall be paid by the Agency if the disputed Disbursement Request is determined to be a Permitted Disbursement and by BKK if the disputed Disbursement Request is determined not to be a Permitted Disbursement.

7. **Monthly Accountings.** Notwithstanding anything to the contrary contained herein, BKK shall provide to the Agency (with concurrent copies to the DTSC and the US EPA) a reasonably detailed written accounting of all amounts disbursed during the immediate past calendar month, no later than the tenth (10th) day of the following month. The Agency, DTSC and the US EPA shall be entitled to rely on the accuracy of all such reports, each of which shall be prepared in accordance with generally accepted accounting procedures consistently applied.

8. **Confidentiality.** The information and documentation to be provided by BKK in connection with a Disbursement Request, as well as the information and documentation to be provided by BKK in connection with the monthly accountings required by Section 7 of this Agreement, are confidential business information. BKK and the Agency hereby agree to maintain the confidentiality of such information, except for disclosures required by court order, statute or action of any governmental agency or entity with appropriate jurisdiction or disclosures requested by US EPA or DTSC, or in connection with an arbitration under Section 6 above; provided, however, that any disclosure of such confidential business information to US EPA and DTSC shall be submitted in accordance with their respective confidential business information standards.

9. **Notices.** All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, return receipt requested, receipted overnight delivery, or by telecopier, and shall be deemed received upon the earlier of (a) the date of delivery, if personally delivered, (b) three (3) business days after the date of posting by the U.S. postal service, if mailed, or (c) the date when sent, if telecopied. Any notice by BKK to the Agency pursuant to Section 3(c) above shall be accompanied by telephonic notice to the Agency and all recipients of copies of notices to the Agency, concurrently with delivery of written notice; provided, however, that proof of telephone

And a copy to: Sam V. Weir, Esq.
1935 Fieldstone Circle
Paso Robles, CA 93446
Telecopier No. (805) 238-3253
Telephone No. (805) 238-3253

If to DTSC: California Department of Toxic Substances Control
1001 "I" Street, 22nd Floor
P.O. Box 806
Sacramento, California 95812-0806
Attention: Jeff Mahan
Telecopier No. (916) 323-3215
Telephone No. (916) 322-5169

With a copy to: California Department of Toxic Substances Control
1001 "I" Street, 25th Floor
P.O. Box 806
Sacramento, California 95812-0806
Attention: Marilee Hanson
Telecopier No. (916) 323-5542
Telephone No. (916) 327-0979

If to US EPA: United States Environmental Protection Agency
Region 9
75 Hawthorne Street
San Francisco, California 94105
Attention: Carmen D. Santos (WST 5)
Telecopier No. (415) 947-3530
Telephone No. (415) 972-3360

With a copy to: United States Environmental Protection Agency
Region 9
75 Hawthorne Street
San Francisco, California 94105
Attention: Mimi Newton (ORC 3)
Telecopier No. (415) 947-3370
Telephone No. (415) 972-3941

If to Escrow Holder: Wells Fargo Bank, N.A.
Corporate Trust Services
707 Wilshire Boulevard, 17th Floor
Los Angeles, CA 90017
Attention: Kathy Valdivia
Telecopier No. (213) 614-3355
Telephone No. (213) 614-3350

If to the Neutral Arbitrator: _____

Attention: _____

Telecopier No. () _____

Telephone No. () _____

10. **Termination.** This Agreement shall automatically terminate upon disbursement of all Funds or by mutual agreement of BKK and the Agency, with the written approval of a US EPA Authorized Signatory and a DTSC Authorized Signatory, which approvals shall not be unreasonably conditioned, delayed or withheld. In the event termination occurs prior to disbursement of all funds, BKK and the Agency shall direct the Escrow Holder in writing regarding the disbursement of any remaining Funds, with the written approval of a US EPA Authorized Signatory and a DTSC Authorized Signatory, which approval shall not be unreasonably conditioned, delayed or withheld.

11. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

12. **Entire Agreement.** This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof. No addition or modification of any term or provision shall be effective unless set forth in writing, executed by BKK, the Agency and Escrow Holder and concurred upon in writing by a US EPA Authorized Signatory and a DTSC Authorized Signatory. US EPA and DTSC have separately agreed that the foregoing written concurrences, or written explanation as to no concurrence, shall be delivered to BKK, the Agency and the Escrow Holder by the foregoing no later than five (5) business days following receipt of a proposed addition or modification in writing from BKK, the Agency or the Escrow Holder.

13. **Time of Essence.** Time is of the essence of each and every term, condition, obligation and provision hereof.

14. **California Law.** This Agreement shall be construed and enforced in accordance with the internal laws of the State of California.

15. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same instrument.

16. **Severability.** If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions and provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

17. **Third Party Benefit.** This Agreement is intended to benefit the parties hereto, their successors, heirs and permitted assigns. Escrow Holder hereby acknowledges that it will hold possession of the monies in the Escrow for the benefit of US EPA, with respect to the Monitoring Protocol Funds only, and for the benefit of DTSC, with respect to the remainder of the Funds, in accordance with (a) that certain Security Agreement, by and between BKK and US EPA, in the form attached hereto as Exhibit "C" (the "US EPA Security Agreement"), and (b) that certain Security Agreement, by and between BKK and DTSC, in the form attached hereto as Exhibit "D" (the "DTSC Security Agreement") (collectively, the "Security Agreements"). This acknowledgment by Escrow Holder is made with the explicit understanding that (i) US EPA may not enforce its rights to actual possession or control of said monies except in the event of the occurrence of an Event of Default (as defined in accordance with the US EPA Security Agreement), and (ii) DTSC may not enforce its rights to actual possession or control of said monies except in the event of the occurrence of an Event of Default (as defined in accordance with the DTSC Security Agreement). Escrow Holder shall not release any Funds to US EPA or DTSC unless and until US EPA or DTSC gives the Escrow Holder a copy of the valid written documentation of an occurrence of an Event of Default under the US EPA Security Agreement or the DTSC Security Agreement, as the case may be, pursuant to the terms of Section 20 below. Except as otherwise provided herein, no other person or entity has or shall acquire any rights hereunder. The Escrow Holder shall have no duty or responsibility to confirm whether an Event of Default has occurred under the US EPA Security Agreement or the DTSC Security

Agreement, as the case may be, and may conclusively rely on written documentation of an occurrence of an Event of Default submitted to it by US EPA or DTSC.

18. **Further Acts.** Each party agrees to perform any further acts and to execute, acknowledge and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement, including without limitation supplemental general escrow instructions.

19. **Attorneys' Fees.** If BKK or the Agency brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees and costs, including without limitation expert witness fees and court costs (collectively, "Attorneys' Fees"). Attorneys' Fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. For the purpose of this Agreement, the term "Prevailing Party" shall include without limitation a party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other party of its claim or defense. The Attorneys' Fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all Attorneys' Fees reasonably incurred.

20. **Transfer of Funds to EPA and/or DTSC Accounts.** If an Event of Default occurs under either of the Security Agreements prior to disbursement of all funds, this Agreement will not terminate. In such event, after or simultaneous with providing valid written documentation of an Event of Default, the Agency, DTSC and/or US EPA shall direct the Escrow Holder in writing to: (a) disburse any portion of the Monitoring Protocol Funds remaining in the Escrow to a Superfund Special Account to be established by US EPA pursuant to the provisions of CERCLA; and (b) disburse the remainder of the Funds to the Removal and Remediation Activity Account managed by DTSC, to fund activities at or related to the BKK Landfill Site. Such written instructions shall not be valid unless concurred upon in writing by a US EPA Authorized Signatory and a DTSC Authorized Signatory. Upon receipt of such valid written instruction and valid written documentation of an Event of Default, the Escrow Holder shall disburse the monies in the Escrow in accordance with said instructions. If DTSC or US

EPA direct the Escrow Holder to disburse any Funds in accordance with the provisions of this Section 20, in order to be valid, such directions must be accompanied by proof that a copy of the directions was also provided to the Agency. BKK hereby consents to the foregoing. The Escrow Holder shall have no duty or responsibility to confirm whether an Event of Default has occurred, and may conclusively rely on the foregoing instructions submitted to it by US EPA, DTSC or the Agency.

21. **Concerning Escrow Holder.** The following provisions shall control with respect to the rights, duties, liabilities, privileges, and immunities of the Escrow Holder:

(a) The Escrow Holder is not a party to, is not bound by, and has no duty to inquire into any agreement other than this Agreement. All references in this Escrow Agreement to other agreements, including the Purchase Agreement and the Security Agreements, are for the convenience of the parties hereto other than the Escrow Holder, and the Escrow Holder shall have no duties or obligations with respect thereto. The parties agree that the Escrow Holder shall have no implied duties beyond the express duties set forth herein.

(b) The Escrow Holder, in acting hereunder, may assume the genuineness of any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney, or other paper or document which the Escrow Holder in good faith believes to be genuine and what it purports to be.

(c) It is the intention of the parties to this Agreement that the Escrow Holder shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

22. **Indemnity of Escrow Holder.** BKK agrees to indemnify, defend and hold the Escrow Holder harmless from and against any and all loss, damage, tax, liability and expense that may be incurred by the Escrow Holder arising out of or in connection with its duties, obligations or performance as the escrow holder hereunder, except as caused by the Escrow Holder's negligence or misconduct, including the legal costs and expenses of defending itself against any claim or liability in connection with its performance hereunder. The terms of this

Section 22 shall survive the termination of this Agreement and, with respect to claims arising in connection with the Escrow Holder's duties while acting as such, the resignation of Escrow Holder.

23. **Merger or Consolidation.** Any corporation or association into which the Escrow Holder may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Holder is a party, shall be and become the successor escrow holder under this Agreement and shall have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance of any further act.

24. **Resignation of Escrow Holder.** The Escrow Holder may at any time resign by giving written notice of its resignation to the parties hereto at their respective addresses set forth in Section 9 of this Agreement, upon not less than sixty (60) days' prior written notice to BKK, the Agency, US EPA and DTSC. Upon the effective date of such resignation, the Funds then held by the Escrow Holder shall be delivered by it to such person or entity as may be designated in writing by BKK and the Agency (with the concurrence of US EPA and DTSC), whereupon all of the Escrow Holder's duties and obligations hereunder shall cease and terminate. If no such person or entity shall have been designated by such time, all duties and obligations of the Escrow Holder shall nevertheless cease and terminate. The Escrow Holder's sole responsibility thereafter shall be to keep safely all Funds then held by it pursuant to this Agreement and to deliver the same to a person or entity designated by BKK and the Agency (with the concurrence of US EPA and DTSC) or in accordance with the directions of a final order or judgment of a court of competent jurisdiction.

25. **Compensation of Escrow Holder.** The Escrow Holder shall receive compensation and expense reimbursements for its services hereunder in accordance with the schedule attached hereto as Exhibit "E," which shall be deducted from the Funds pursuant to the terms of Section 3(i) above.

IN WITNESS WHEREOF, BKK, the Agency and Escrow Holder have executed this Agreement as of the date first above written.

"BKK": BKK CORPORATION, a California corporation

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

"Agency": THE REDEVELOPMENT AGENCY OF THE CITY OF WEST COVINA, a California municipal corporation

By: _____

Andrew G. Pasmant, Executive Director

APPROVED AS TO FORM:

FULBRIGHT & JAWORSKI L.L.P., Special Counsel

By: _____

Robert C. Barnes, Esq.

ATTEST:

Janet Berry, Agency Secretary

[SIGNATURES CONTINUED ON NEXT PAGE]

"Escrow Holder":

WELLS FARGO BANK, N.A., a national banking
association

By: _____
Name: _____
Title: _____

EXHIBIT "A"

PERMITTED DISBURSEMENTS

1. Costs of complying with City of West Covina, California Integrated Waste Management Board or Regional Water Quality Control Board requirements for closure and/or post-closure of the Class III Landfill;
2. Costs of complying with DTSC requirements for post-closure of the Class I Landfill;
3. Costs of complying with the Stipulated Permanent Injunction and other City of West Covina local enforcement agency ("LEA") requirements specifically relating to environmental regulatory or remedial requirements at the BKK Landfill Site;
4. Costs of complying with all applicable existing or new environmental regulatory or remedial requirements of a federal, state or local agency relating to the BKK Landfill Site;
5. Costs of complying with both the Administrative Order on Consent entered into by and between BKK and the United States Environmental Protection Agency (US EPA) (In the Matter of: BKK Corporation, US EPA Docket No. RCRA-09-89-0019), dated March 31, 1989, and any modifications thereto and the Administrative Order on Consent entered into by and between US EPA and BKK (In the Matter of: BKK Corporation, US EPA Docket No. RCRA-9-2000-0003), dated September 14, 2000, and any modifications thereto including the First Modification to the September 14, 2000 Administrative Order on Consent, dated January 22, 2002 (including, without limitation, the costs of implementation of the groundwater remedy and the costs of gathering data and other costs associated with preparation of a RCRA Health Risk Assessment) and costs of preparing work plans for the Monitoring Protocol attached as Attachment D to the First Modification to Administrative Order on Consent entered into by and between US EPA and BKK (In the Matter of: BKK Corporation, US EPA Docket No. RCRA-9-2000-0003), dated January 22, 2002;
6. Administrative and Overhead Costs (as defined in Section 5 of the Escrow Agreement); and
7. Insurance premium payments under the Environmental Liability Policies.

Notwithstanding anything to the contrary contained in this Exhibit "A," the following are specifically excluded from Permitted Disbursement:

- a. Costs of complying with federal, state or local agency requirements at other sites (e.g., Casmalia, Cal Compact site, Basin By-Products site, Victoria Golf course);
- b. Costs related to development projects (e.g., consulting costs, legal, title, grading costs not associated with closure or post-closure of the Class I Landfill or Class III Landfill), including any development projects on or around the BKK Landfill Site; and

c. Principal and interest payments on outstanding debt, except as specifically included in the definition of Administrative and Overhead Costs.

EXHIBIT "B"

INSURANCE DISBURSEMENTS

1. Costs of complying with City of West Covina, California Integrated Waste Management Board or Regional Water Quality Control Board requirements for closure and/or post-closure of the Class III Landfill;
2. Costs of complying with DTSC requirements for post-closure of the Class I Landfill; and
3. Administrative and Overhead Costs (as defined in Section 5 of the Escrow Agreement) directly related to the foregoing matters described in this Exhibit "B."

EXHIBIT "C"

US EPA SECURITY AGREEMENT

EXHIBIT "D"

DTSC SECURITY AGREEMENT

EXHIBIT "E"

SCHEDULE OF ESCROW HOLDER'S FEES



Wells Fargo Bank
Corporate Trust Services
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017
Tel: (213) 614-3351
Fax: (213) 614-3355

SCHEDULE OF FEES
to act as ESCROW AGENT for
West Covina Redevelopment Agency
Cash Escrow Account

Acceptance Fee: **\$500.00**

Initial Fees as they relate to Wells Fargo Bank acting in the capacity of Escrow Agent – includes creation and examination of the Escrow Agreement; acceptance of the Escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account.

Acceptance Fee payable at time of Escrow Agreement execution.

Escrow Agent Annual Administration Fee: **\$2,000.00**

For ordinary administration services by Escrow Agent – includes daily routine account management; investment transactions; cash transaction processing (including wires and check processing); monitoring claim notices pursuant to the agreement; disbursement of the funds in accordance with the agreement; and mailing of trust account statements to all applicable parties. Tax reporting is included for up to One (1) entity.

Payable in advance, with the first installment due at the time of Escrow Agreement execution. Fee will not be prorated in case of early termination.

Wells Fargo's bid is based on the following assumptions:

- Number of escrow funds/accounts to be established: One (1)
- Number of Deposits to Escrow Account: Not more than One (1)
- Number of Withdrawals from Escrow Fund: Not more than Twelve (12) per year
- Term of Escrow: Indefinite
- **ALL FUNDS WILL BE INVESTED IN ONE OF SEVERAL WELLS FARGO MONEY MARKET FUNDS**
- **ALL FUNDS WILL BE RECEIVED FROM OR DISTRIBUTED TO A DOMESTIC ENTITY**

Out-of-Pocket Expenses: **At Cost**

We only charge for out-of-pocket expenses in response to specific tasks assigned by the client. Therefore, we cannot anticipate what specific out-of-pocket items will be needed or what corresponding expenses will be incurred. Possible expenses would be, but are not limited to, express mail and messenger charges, travel expenses to attend closing or other meetings. There are no charges for indirect out-of-pocket expenses.

Submitted by: John T. Deleray – 1/29/2003
Vice President/Business Development
Wells Fargo Bank
(213) 614-3351