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LOS ANGELES
ORANGE COUNTY
SAN DIEGO
SAN FRANCISCO
SANTA BARBARA
WESTLAKE VILLAGE

FILE NO.: 47715.064

June 5, 2013

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

United Alloys, Inc.
c/o William W. Funderburk, Jr., Esq.
Ruben Castellón, Esq.
CASTELLÓN & FUNDERBURK, LLP
811 Wilshire Boulevard, Suite 1025
Los Angeles, California 90017

Re: 60-Day Notice of Violation of The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65)

Messrs Funderburk and Castellón:

As counsel for the Los Angeles Unified School District (the "District"), I am hereby providing this letter as notification, pursuant to California Health and Safety Code Section 25249.7(d)(1), that the District intends to bring suit against United Alloys, Inc. ("United Alloys") for, among other claims, violations of California Health and Safety Code §§ 25249.5 and 25249.6 (also known as "Proposition 65"). Section 25249.5 provides:

"No person in the course of doing business shall knowingly discharge or release a chemical known to the state to cause cancer or reproductive toxicity into water or onto or into land where such chemical passes, or probably will pass, into any source of drinking water, notwithstanding any other provision or authorization of law except as provided in Section 25249.9."

Section 25249.6 provides:

"No person in the course of doing business shall knowingly and intentionally expose any individual to a chemical known to the state to cause cancer or reproductive toxicity without first giving clear and reasonable warning to such individual, except as provided in Section 25249.10."

This letter will provide you with a greater understanding regarding the location of the exposure, the type of exposure, the method of exposure, and the approximate length of time the

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District's property located at 644 East 56th Street, Los Angeles, California ("School Site"), has been exposed to Proposition 65 listed contaminants released from and present in the facility owned by United Alloys, and located at 900 East Slauson Avenue, Los Angeles California (the "United Alloys Property.") The following is intended to provide you with facts sufficient to enable you to undertake a meaningful investigation of the contamination of the United Alloys Property, as well as the School Site, and thereafter participate in the remedy of any environmental contamination that may have occurred on the premises of the District.

I. LOCATION OF SOURCE OF EXPOSURE

LAUSD acquired the School Site in 1991 by eminent domain. In 1995, LAUSD began construction of Jefferson Middle School on the Property and school operations began in 1997. Currently, there are nine (9) buildings on the northern portion of the School Site, and sports fields on the southern portion. The School Site is surrounded by light industrial, commercial and residential uses.

Since 1979, United Alloys and its successors have conducted activities at the United Alloys Property, which include receiving, sorting, stripping, crushing, processing, and resale of high grade metal alloys such as zirconium, nickel, titanium, cobalt, and copper. These activities included the use of a PCE vapor degreaser, and the use of various concentrated acids to test metals. Currently, the United Alloys Property is being used as a recycling center for high grade alloy metals, including the receiving and sorting of high grade alloy metals. The United Alloys Property is located approximately 400 feet from the School Site. A map of the School Site and United Alloys Property is enclosed as Exhibit "A."

Under the oversight of the DTSC, from August of 2002 to September 2005 LAUSD operated a soil vapor extraction system ("SVE") designed to remove volatile organic compounds ("VOCs"), which include trichloroethylene ("TCE") and perchloroethylene ("PCE"). The purpose of the SVE that was installed at the School Site was to remove VOCs from the soils beneath the vicinity of the School Site. Although substantial reductions of VOCs on the School Site occurred initially through operation of the SVE system, LAUSD has been unable to achieve cleanup goals at all locations because of vapor migration of VOCs from the United Alloys Property, and, in fact, the trend of TCE and PCE concentrations in certain locations is increasing because of the vapor migration.

Both PCE and TCE are Proposition 65 listed carcinogens.

II. NATURE OF EXPOSURE

LAUSD has been conducting site assessment and remediation of the School Site under the jurisdiction of the DTSC since August of 2000. Under the oversight of the DTSC, LAUSD operated a soil vapor extraction system ("SVE") designed to remove the VOCs from August of 2002 to September 2005. The purpose of the SVE installed at the School Site was to remove

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VOCs from the soils beneath the vicinity of the School Site. In 2008 the DTSC approved the shutdown of the vapor extraction system.

Although substantial reductions of VOCs on the School Site occurred initially through operation of the SVE system, LAUSD has been unable to achieve cleanup goals at all locations because of vapor migration of VOCs from the United Alloys Property, and, in fact, the trend of TCE and PCE concentrations in certain locations is increasing because of the vapor migration. As a result, the VOC contamination caused by releases from the United Alloys Property has been and continues to migrate onto the School Site, and now threatens substantial harm to the School Site and potential risks to its occupants.

III. EXTENT OF THE EXPOSURE

In 1992, United Alloys learned that the United Alloys Property may be contaminated. That year, United Alloys retained an environmental engineer, Green Environmental, to conduct a Phase I site assessment of the United Alloys Property. Green Environmental's investigation found PCE and TCE contamination in the soil at multiple locations throughout the United Alloys Property. Green Environmental recommended that an additional investigation be conducted at the United Alloys Property.

The following year, in 1993, Western Environmental Engineering Company performed a Phase II investigation at the United Alloys Property. This investigation confirmed the presence of VOCs and other chemicals in sub-surface soil of the United Alloys Property. Soil vapor surveys conducted in 1994 also confirmed the presence of PCE, TCE and other contaminants in sub-surface soil beneath the United Alloys Property. Subsequent investigations also confirmed the presence of VOCs, including TCE and PCE in groundwater at and near the United Alloys Property

Despite knowing about the contamination for more than twenty years, United Alloys has not taken any substantive measures to address it, and during this time, the contamination migrated towards the School Site. Other than a brief four-month pilot test in 2009, United Alloys has yet to implement a cleanup plan or take any proactive steps to arrest the plume from spreading to the School Site.

IV. ROUTE OF EXPOSURE AND ITS POTENTIAL HEALTH RISKS

The release of VOCs at the United Alloys Property has caused the release of chemicals known to the State of California to cause cancer or reproductive toxicity into water or onto or into land owned by the District, where such chemicals likely will pass, or have passed, into a source of drinking water. The identified chemicals are TCE and PCE, although future tests may reveal additional chemicals.

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V. TIME PERIOD DURING WHICH VIOLATION HAS OCCURRED

The contaminant exposures and potential soil releases have occurred since approximately 1997 at the School Site. The extent of any releases into the air and soil is not known at this time and may be the subject of future testing.

Moreover, during this time period, United Alloys has not provided potentially-exposed individuals with a clear and reasonable warning that TCE and PCE pose a risk of exposure to any chemical regulated under Proposition 65. Specifically, United Alloys has failed to provide proper notice or warning that the contamination that has migrated onto the School Site contains TCE and PCE.

VI. CONCLUSION

Based upon the foregoing, the District believes that the contamination that migrated from the United Alloys Property onto the School Site has exposed the students, faculty, staff and the property at the School Site to TCE and PCE. Such exposure also poses a potential threat to future students, faculty and staff at the School Site. Moreover, the contamination may also have exposed the students, faculty, staff and the premises of the School Site to a number of other suspected carcinogens and reproductive toxins that are subject to regulation under Proposition 65. It may be necessary at a later date to conduct additional sampling and testing for potential exposure to other Proposition 65 chemicals, depending upon the results of further investigation and the information provided by the District.

We enclose a copy of "The Safe Drinking Water and Toxic Enforcement Act of 1986" (Proposition 65), prepared by OEHHA, the lead state agency for the implementation of the Act. ("Exhibit B").

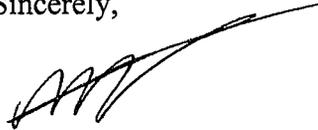
Please direct all questions concerning this notice of violation to the following addressees: Barry C. Groveman, Esq. or Adam D. Wieder, Esq., Musick, Peeler & Garrett LLP, 2801 Townsgate Road, Suite 200, Westlake Village, California 91361, (213) 629-7863 or (805) 418-3114, respectively. Should you require more information regarding the Affected Schools and/or exposure risks, the District will provide you with any available reports.

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For general information concerning the provisions of Proposition 65, please contact
OEHHA, Proposition 65 Implementation Office, at (916) 445-6900.

Sincerely,

A handwritten signature in black ink, appearing to read 'ADW', with a long, sweeping horizontal stroke extending to the right.

Adam D. Wieder
for MUSICK, PEELER & GARRETT LLP

ADW:hs

cc: Jay Goida, Esq.

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