

AZ HWMA PERMIT
EPA ID NO. AZD 980 814 479
UNIVERSAL PROPULSION COMPANY

PERMIT ATTACHMENT G
FINANCIAL ASSURANCE
FINAL PERMIT REV 0

ATTACHMENT G
FINANCIAL ASSURANCE

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Exhibit G-1
Corrective Action Cost Estimate

Exhibit G-1
Cost Estimate

Cost Item	Description	Semi-annual cost	Annual cost	30 year cost	Notes
Monitor Well Sampling	Equipment and labor	\$8,700	\$17,400.00	\$543,600.00	Assumes 7 days of sampling per event
IDW Management	Liquid waste disposal	\$1,800	\$3,500.00	\$108,000.00	Assumes 6K gallons non-haz water per event
Laboratory Analysis	Perchlorate (groundwater)	\$1,300	\$2,600.00	\$78,000.00	18 GW wells + 2 duplicates; assumes Method 332 won't be required; does not include private well sampling
	VOCs (soil gas)	\$800	\$1,600.00	\$8,000.00	4 samples per event; assumes soil vapor monitoring will continue for 5 years
Reporting	Monitoring reports	\$3,500	\$7,000.00	\$210,000.00	Assumes 1 letter report per event
Monitoring Fees	ASLD SLUP Costs	na	\$28,500.00	\$855,000.00	Based on projected 2010 fees, 19 wells, \$1500 per well
	Fee increases	na	na	\$213,750.00	25 % contingency for fee increases over 30 years
Well Pump Replacement	Replace pump	na	na	\$36,000.00	Assumes 1 pump replaced every 5 years
Well Replacement	Replace well	na	na	\$280,000.00	Assumes 2 wells replaced every 15 years
Well Maintenance	Upgrade monument	na	na	\$8,000.00	Assumes 8 wells and includes re-surveying
Well Abandonment	Abandon well	na	na	\$78,000.00	19 wells
			TOTAL	\$2,418,350.00	

Note: Costs assume 30 years of groundwater monitoring utilizing the monitoring network in place at the end of 2009.

Exhibit G-2

Financial Assurance Mechanism – Performance Bond and Standby Trust Agreement

Performance Bond

Date bond executed: August 24, 2007

Effective date: August 24, 2007

Principal:

Universal Propulsion Company Incorporated
25401 N. Central Avenue
Phoenix, AZ 85085

Type of organization: **Corporation**
State of incorporation: **Delaware**

Surety(ies): [name(s) and business address(es)] Safeco Insurance Company of America
8845 Govenor's Hill Drive, #205, Cincinnati, OH 45249

EPA Identification Number, name, address, and corrective action amount(s) for each facility guaranteed by this bond:

AZD980814479
Universal Propulsion Company
25401 N. Central Avenue
Phoenix, AZ 85085

Corrective Action: \$2,500,000

Total penal sum of bond: \$ 2,500,000

Surety's bond number: 6505934

Know All Persons By These Presents, That we, the Principal and Surety(ies) hereto are firmly bound to the Arizona Department of Environmental Quality (hereinafter called ADEQ), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Surety(ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

Whereas said Principal is required, under the Arizona Hazardous Waste Management Act as amended (HWMA), to have a permit in order to own or operate each hazardous waste management facility identified above, and

Whereas said Principal is required to provide financial assurance for corrective action as a condition of the permit, and

Whereas said Principal shall establish a standby trust fund as is required when a surety bond is used to provide such financial assurance;

Now, Therefore, the conditions of this obligation are such that if the Principal shall faithfully perform corrective actions whenever required to do so, for each facility for which this bond guarantees corrective actions, in accordance with the requirements of the permit, as such permit may be amended, pursuant to all applicable laws, statutes, rules, and regulations, as such laws, statutes, rules, and regulations may be amended,

Or, if the Principal shall provide alternate financial assurance as specified in subpart H of 40 CFR part 264, and obtain the ADEQ Director's written approval of such assurance, within 90 days after the date notice of cancellation is received by both the Principal and the ADEQ Director from the Surety(ies), then this obligation shall be null and void, otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above.

Upon notification by the ADEQ Director that the Principal has been found in violation of the corrective action requirements of Consent Order P-136-04 and the permit, for a facility for which this bond guarantees performance, the Surety(ies) shall either perform corrective action in accordance with the permit or place the corrective action amount guaranteed for the facility into the standby trust fund as directed by the ADEQ Director (See attached Schedule A).

Upon notification by the ADEQ Director that the Principal has failed to provide alternate financial assurance as specified in subpart H of 40 CFR part 264, and obtain written approval of such assurance from the ADEQ Director during the 90 days following receipt by both the Principal and the ADEQ Director of a notice of cancellation of the bond, the Surety(ies) shall place funds in the amount guaranteed for the facility into the standby trust fund as directed by the ADEQ Director (See attached Schedule A).

The surety(ies) hereby waive(s) notification of amendments to any plans related to corrective action, permits, applicable laws, statutes, rules, and regulations and agrees that no such amendment shall in any way alleviate its (their) obligation on this bond.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the owner or operator and to the ADEQ Director, provided, however, that

cancellation shall not occur during the 120 days beginning on the date of receipt of the notice of cancellation by both the Principal and the ADEQ Director, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety(ies), provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of the bond by the ADEQ Director.

In Witness Whereof, The Principal and Surety(ies) have executed this Performance Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies) and that the wording of this surety bond is consistent with the wording specified in 40 CFR 264.151(c) as such regulation was constituted on the date this bond was executed.

Principal



Signature

Russell Murdaugh

Name

Assistant Treasurer

Title

[Corporate seal]

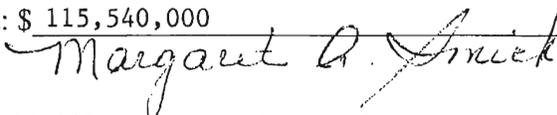
Corporate Surety(ies)

[Name and address] Safeco Insurance Company of America
8845 Governor's Hill Drive, #205, Cincinnati, OH 45249

State of incorporation: Washington

Liability limit: \$ 115,540,000

[Signature(s)]



[Name(s) and title(s)] Margaret A. Smith
Attorney-in-Fact

[Corporate seal]

[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.]

Bond premium: \$ 10,000.00



POWER OF ATTORNEY

Safeco Insurance Company of America
General Insurance Company of America
Safeco Plaza
Seattle, WA 98185

No. 9600

KNOW ALL BY THESE PRESENTS:

That SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA, each a Washington corporation, does each hereby appoint

*****BERNARDO J. CALONGE; Cincinnati, Ohio; KIMBERLY SHERROD; Columbus, Ohio; ALICE V. HALTER; MARGARET A. SMITH; CATHY L. WOODRUFF; Cleveland, Ohio*****

Its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA have each executed and attested these presents

this 28th day of July 2006

Handwritten signature of Stephanie Daley-Watson

Handwritten signature of Tim Mikolajewski

STEPHANIE DALEY-WATSON, SECRETARY

TIM MIKOLAJEWSKI, SENIOR VICE-PRESIDENT, SURETY

CERTIFICATE

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business... On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out, (i) The provisions of Article V, Section 13 of the By-Laws, and (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and (iii) Certifying that said power-of-attorney appointment is in full force and effect, the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Stephanie Daley-Watson, Secretary of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 24th day of August 2007



Handwritten signature of Stephanie Daley-Watson

STEPHANIE DALEY-WATSON, SECRETARY

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Schedule A

Standby Trust Agreement

The Standby Trust Agreement, the "Agreement," entered into as of October 31, 2007, by and between Universal Propulsion Company Incorporated, a Delaware corporation, the "Grantor," and Marshall & Ilsley Trust Company N.A., incorporated in the State of Wisconsin, the "Trustee."

Whereas, the Arizona Department of Environmental Quality, "ADEQ", an agency of the State of Arizona, has established certain regulations applicable to the Grantor, requiring that an owner or operator of a hazardous waste management facility shall provide assurance that funds will be available if needed for corrective action at the facility,

Whereas, the Grantor has elected to execute a Performance Bond and establish a standby trust to provide such financial assurance for the facilities identified herein,

Whereas, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee,

Now, Therefore, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee.

Section 2. Identification of Facilities and Cost Estimates. This Agreement pertains to the facilities and cost estimates identified on attached Schedule B.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby Trust ("the Trust") for the benefit of the ADEQ. The Grantor and the Trustee intend that no third party have access to the Trust except as herein provided. The Trust shall only become funded upon a decision of the Director of ADEQ to direct that some or all of the Performance Bond be transferred into the Trust for the purpose of paying the costs set forth in Section 4. Such property, and any other property subsequently transferred to the Trustee for those purposes, is referred to as the "Fund", together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the ADEQ.

Section 4. Payment for Corrective Action. The Trustee shall make payments from the Fund as the Director of the ADEQ shall direct, in writing, to provide for the payment of the cost of corrective action at the facilities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the Director of the ADEQ from the Fund for corrective action expenditures in such amounts as the Director of the ADEQ shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the Director of the ADEQ specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 5. Payments Comprising the Fund. Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

Section 6. Trustee Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; *except that:*

- (i) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2.(a), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (ii) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and
- (iii) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

(b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

(d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. Should the Trust become funded pursuant to Section 3, the Trustee shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the Director of the ADEQ a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the Director of the ADEQ shall constitute a

conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee. The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the Director of the ADEQ, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the attached Schedule C or such other designees as the Grantor may designate by amendment to Schedule C. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the Director of the ADEQ to the Trustee shall be in writing, signed by the Director of the ADEQ, or his designee, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or the ADEQ hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the ADEQ, except as provided for herein.

Section 15. Notice of Nonpayment. The Trustee shall notify the Grantor and the Director of the ADEQ, by certified mail within 10 days following the expiration of the 30-day period after the anniversary of the establishment of the Trust, if no payment is received from the Grantor during that period. After the pay-in period is completed, the Trustee shall not be required to send a notice of nonpayment.

Section 16. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the Director of the ADEQ, or by the Trustee and the Director of the ADEQ if the Grantor ceases to exist.

Section 17. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 16, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the Director of the ADEQ, or by the Trustee and the Director of the ADEQ, if the Grantor ceases to exist. The Trust shall also be terminated in the event that the ADEQ Director approves an alternative financial assurance instrument for corrective action submitted by the Grantor. ADEQ shall provide notice to the Trustee to terminate the trust. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

Section 18. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the Director of the ADEQ issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 19. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of Arizona.

Section 20. Interpretation. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

In Witness Whereof the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written: The parties below certify that the wording of this Agreement is consistent with the wording specified in 40 CFR 264.151(a)(1), as modified by Title 18, Chapter 8 of the Arizona Administrative Code, as such regulations were constituted on the date first above written.

Grantor:


Signature


Name

Asst Treasury

Title

[Corporate seal]

Marshall & Ilsley Trust Company N.A..

Jon M. Rudolph

Signature

Jon M. Rudolph
Name

Vice President
Title

[Corporate seal]

Schedule B

AZD980814479
Universal Propulsion Company
25401 N. Central Avenue
Phoenix, AZ 85085

Corrective Action: \$2,500,000

Schedule C

Russell Murdaugh
Assistant Treasurer
Universal Propulsion Company

Certification of Acknowledgement

40 CFR 264.151(a)(2)

State of Arizona

County of Maricopa

On this Nov. 2, 2007, before me personally came Russell Murdaugh to me known, who, being by me duly sworn, did depose and say that he is employed at 3414 S. 5th St. Phoenix, AZ 85040, that he is Assistant Treasurer of Universal Propulsion Company Incorporated, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

[Signature of Notary Public]

