

Nos. 03-I-3, 03-II-1 and 03-III-1 from Alexander Communities to Richmond American Homes.

Pre-Annexation Agreement 04-01 - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved Pre-Annexation agreement 04-01 for Barbara Hyman on an approximately 29,528 square foot parcel located on the southwest corner of Opal and San Bernardino Avenues in the Mentone area.

EIR Funding Agreement - Walton Development - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved an Environmental Impact Report funding agreement with Walton Development, LLC for the development of a single family planed residential development authorized the Mayor and City Clerk to execute the agreement on behalf of the City.

Subdivision Improvement Agreement - Final Approval - Tract No. 16360 - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved a subdivision improvement agreement for Tract No. 16360 for the subdivision of 8.86 acres into 76 residential lots and a number of common area lots located on the southeast corner of Orange Avenue and Iowa Street in Specific Plan No. 57 and authorized the Mayor and City Clerk to execute the agreement on behalf of the City. On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously granted final approval for Tract No. 16360 as submitted by the applicant, Richmond American Homes.

Settlement Agreement - Gibson Group Trust - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously acknowledged a settlement and release agreement with Gibson Group Trust relating to environmental conditions in soil and/or groundwater at the former Gibson Environmental, Inc. and authorized the Mayor and City Clerk to execute the agreement on behalf of the City. The City Council authorized settlement of this matter in closed session and this release reflects the terms and conditions for said settlement.

Resolution No. 6305 - Oppose Gaming Revenue Act of 2004 - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously adopted Resolution No. 6305, a resolution of the City Council of the City of Redlands in opposition of the Gaming Revenue Act of 2004.

Traffic Signal UPS System - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously terminated the contract for construction of the Traffic Signal UPS (Uninterrupted Power Source)

REQUEST FOR COUNCIL ACTION

SUBJECT: Settlement And Release Agreement - Gibson Group Trust

Attached is a copy of a Settlement and Release Agreement with Gibson Group Trust relating to environmental conditions in soil and/or groundwater at the former Gibson Environmental, Inc. The City Council authorized settlement of this claim and this agreement reflects the Council's terms and conditions for settlement. In accordance with the requirements of the Brown Act, the agreement is on your agenda to notify the public of the Council's action. No additional action is necessary by the City Council.

Prepared by:



Linda Emmerson
Executive Assistant

Recommended by:



Daniel J. McHugh
City Attorney

Exhibit 4

**GIBSON BAKERSFIELD DE MINIMIS PRP SETTLEMENT AGREEMENT,
RELEASE AND INDEMNITY**

This Gibson Bakersfield *De Minimis* Settlement Agreement ("Agreement") is between the Gibson Group Trust, the Indemnitors and the undersigned Settling PRPs, as more fully defined below (collectively "Parties").

Recitals and Definitions

A. The California Department of Toxic Substances Control ("DTSC") issued an Imminent and Substantial Endangerment Determination and Order and Remedial Action Order, Docket No. I & SE 99/00-002 on November 8, 1999 (this Order and its subsequent amendments shall be referred to collectively as the "DTSC Order"), directing various persons to perform response actions (the "Work") relating to environmental conditions in soil and/or groundwater (the "Contamination") at the former Gibson Environmental, Inc. facility located at 2401 Gibson Street in Bakersfield, California (the "Site");

B. Several persons named in the DTSC Order, together with several persons not named in the DTSC Order but alleged to have sent waste to the Site (collectively, the "Group" or the "Cooperating Entities"), have been performing the Work pursuant to various agreements among themselves;

C. The agreement currently in effect, which superceded all previous agreements, is the Gibson Group Stage II Site Participation Agreement (this Agreement and any subsequent amendments shall be referred to collectively as the "Stage II Agreement");

D. In addition to the Stage II Agreement, the Cooperating Entities, other than the California Department of Transportation ("CalTrans"), are also signatories to the Gibson Group Declaration and Agreement of Trust ("Trust Agreement"), which created the Gibson Group Trust;

E. The Settling PRPs are persons that the Gibson Group Trust alleges also sent waste to the Site, giving rise to contribution claims pursuant to state and federal law for reimbursement of the Settling PRPs' share of costs the Cooperating Entities and/or the Gibson Group Trust have expended to perform the Work (the "Contribution Claims"), and who wish to enter this Agreement in order to resolve such Contribution Claims and avoid the expense of litigation or otherwise contributing to the performance of the Work;

F. Pursuant to the Stage II Agreement, the Cooperating Entities have assigned all Contribution Claims they may have against the Settling PRPs to the Gibson Group Trust, which enters this Agreement pursuant to the authority provided to it by the Cooperating Entities through the Stage II Agreement, the Trust Agreement and California law;

Therefore, the Parties mutually agree as follows:

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Agreement

1. Counterpart Execution.

This Agreement may be executed in counterparts, with the same effect as if all signatures on such counterparts appeared on one document, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimiles of signatures shall be considered originals. Signature pages shall be returned to:

William J. Hengemihle
LECG, LLC
1255 Drummers Lane, Suite 320
Wayne, PA 19087
Facsimile: 610-254-1188

With a copy to:

Richard C. Coffin
Barg Coffin Lewis & Trapp, LLP
One Market, Steuart Tower, Suite 2700
San Francisco, CA 94105-1475
Facsimile: 415-228-5450

This Agreement shall be binding on each Settling PRP whose signature page and Proof of Payment (as defined below) – or, in the case of a Settling PRP that is a public entity, written confirmation that a recommendation to sign the signature page has been placed on the agenda for approval at the next regularly scheduled meeting of the entity's governing body ("Public Entity Confirmation") – have been received by LECG no later than June 28, 2004. Signature pages and Public Entity Confirmations received by LECG after June 28, 2004 shall not be effective without the express written agreement of the Management Committee for the Group as defined in the Stage II Agreement.

2. Payments.

Each Settling PRP shall, no later than June 28, 2004, pay that Party's Payment Amount (as shown on Exhibit A hereto) to the Gibson Group Trust. Payments by check shall be made payable to The Gibson Group Trust (Taxpayer I.D. No. 90-6023860) and mailed to:

Kenneth C. Coelho
RBZ Business Management Systems, LLC
11755 Wilshire Boulevard, Suite 900
Los Angeles, California 90025-1586.

Wire transfer arrangements may be made by contacting Mr. Coelho (telephone: (310) 478-4148; e-mail: kcoelho@rbz.com). Regardless of how payment is made, Settling PRPs shall provide contemporaneous evidence of such payment via facsimile to LECG at the number indicated in

Exhibit 4

paragraph 1 above ("Proof of Payment"). The Gibson Group Trust shall hold each Settling PRP's Payment Amount in a segregated account – and the money shall not be spent on the Work or anything else – until fully-executed copies of the Gibson Group Trust's and Indemnitors' signature pages to this Agreement are returned to the Settling PRP.

3. Release of Settling PRPs.

The Gibson Group Trust releases (and thereby each Cooperating Entity releases) each Settling PRP from any and all claims arising out of the waste volume listed for that Settling PRP on Exhibit A hereto for (i) costs incurred in performing the Work required by DTSC at the Site, (ii) costs incurred in performing any other actions necessary to clean up the Contamination to the satisfaction of any governmental environmental regulators who assert jurisdiction over the Site or (iii) taxes, fees or oversight costs assessed as a consequence of performing any of the foregoing actions (the "Released Claims"). The Released Claims do not include (a) claims by any natural resource trustee or other person for natural resource damages, (b) claims for personal injury or property damage, (c) claims of criminal liability or (d) claims against a Settling PRP arising out of any waste volume exceeding the amount listed for that Settling PRP on Exhibit A hereto. The Gibson Group Trust covenants not to sue any Settling PRP for any of the Released Claims.

4. Settling PRPs Release of the Gibson Group Trust and Cooperating Entities

Each Settling PRP hereby releases the Gibson Group Trust and each of the Cooperating Entities from any and all claims that arise from the waste volume listed on Exhibit A and are within the scope of the Released Claims. Each Settling PRP covenants not to sue the Gibson Group Trust and/or any of the Cooperating Entities for any claim arising from the waste volume listed on Exhibit A and within the scope of the Released Claims. Nothing in this paragraph is intended to affect any Settling PRP's claim that is outside the scope of the Released Claims.

5. Indemnity

Atlantic Richfield Company; ChevronTexaco; Dart Container Corporation; Delta Tech Service, Inc.; Disneyland; The Fresno Bee; Los Angeles County Metropolitan Transportation Authority; Northrop Grumman Space & Mission Systems Corp; Oscar E. Erickson, Inc.; Pacific Gas and Electric Company; Pacific Offshore Pipeline Co.; Peninsula Corridor Joint Powers Board; Penske Truck Leasing Co., L.P.; Pilot Chemical Co.; Procter & Gamble Haircare LLC; Ralphs Grocery Company; Rexam, Inc.; SBC/Pacific Bell; Sears, Roebuck and Co.; Southern California Edison Company; Southern California Gas Company; Sunquest Properties, Inc.; Tidelands Oil Production Company; Ultramar, Inc. and Union Oil Company of California (collectively "Indemnitors") agree to indemnify, defend and hold harmless each Settling PRP from and against any and all claims that arise from the waste volume listed on Exhibit A and that are within the scope of the Released Claims. The indemnity provided by this paragraph shall include, without limitation, claims asserted by any Cooperating Entity and/or any federal, state or local government agency within the scope of the Released Claims. The obligations of this paragraph are expressly limited to those Cooperating Entities that have signed as Indemnitors below, and shall not be interpreted as imposing any obligations on Cooperating Entities who

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have not signed as Indemnitors or the Gibson Group Trust. Settling Parties understand and agree that the obligations under this paragraph will be shared by the Indemnitors pro rata based on the respective volume of each Indemnitor's waste sent to the Site.

6. **Counsel.**

No Party, or representative or counsel for any Party, has acted as counsel for any other Party with respect to such other Party's entering into this Agreement, and each Party represents that it has sought and obtained any appropriate independent legal advice prior to entering into this Agreement.

7. **Authority.**

Each individual executing this Agreement on behalf of a Party warrants that she or he is duly authorized to do so and that such execution is binding upon the Party.

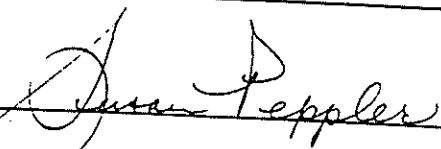
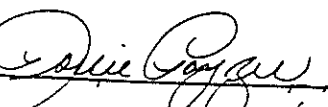
8. **Governing Law.**

This Agreement shall be interpreted according to California law.

9. **Successors and Assigns.**

This Agreement is binding on and shall inure to the benefit of the Parties' successors and assigns.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates indicated below.

Settling PRP	
Print Entity Name:	City of Redlands, California
Print Name of Individual Signing on Entity's Behalf: Susan Pepler	Attest: Lorrie Poyzer
Print Title of Individual Signing on Entity's Behalf: Mayor	City Clerk
Signature: 	Signature: 
Date: 6-17-04	Date: June 17, 2004
Print Entity's Address:	35 Cajon Street PO Box 3005 Redlands, CA 92373
Print Entity's Facsimile Number:	909 798-7503

CONFIDENTIAL SETTLEMENT COMMUNICATION FILE 4

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for 6/24/04

Gibson Group Trust		
Trustee Name	Signature	Date
Robert O. Mihalovich		6/29/04
Brenda Manterola		5-11-04
Dave Roberson		7-1-04

for 6/17/04

Indemnitors				
Entity Name	Signature	Date	Print Signer's Name	Print Title
Atlantic Richfield Company		06/17/04	MARK BREKINS	REGIONAL MANAGER - U.S. WEST COAST
Chevron Environmental Management Company, on behalf of Chevron U.S.A. Inc. and Tenger Inc.		6/23/04	Richard J. Harris	Asst. Secretary
Dart Container Corporation		5/19/04	JOANNE E. WILLIAMS	ASST. SEC.
Delta Tech Service, Inc.		5/20/04	ROGER A. LETT	Treasurer
Disneyland		5/21/04	Robert A. Antonoplos	Executive Counsel
The Fresno Bee		5/24/04	Mark Ochincro	Safety Administrator
Los Angeles County Metropolitan Transportation Authority		5/26/04	Ronald Stamm	Principal Deputy County Counsel
Northrop Grumman Space & Mission Systems Corp		6/14/04	Kathleen Salmas	Secretary
Oscar E. Erickson, Inc.		6/29/04	Stanley A. Erickson	Attorney
Pacific Gas and Electric Company		6/30/04	ROBERT L. BIRKOM	Deputy General Counsel

CONFIDENTIAL SETTLEMENT COMMUNICATION FRE 408, CAL. EV. CODE §1152

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Indemnitors				
Entity Name	Signature	Date	Print Signer's Name	Print Title
Pacific Offshore Pipeline Co.	Joyce A. Padlesch Michael Walker	6/9/04	JOYCE A. PADLESCH MICHAEL WALKER	ATTORNEY VICE PRESIDENT, SEMPER ENERGY RESOURCES
Peninsula Corridor Joint Powers Board	David J. Miller	5/20/04	David J. Miller	Attorney
Penske Truck Leasing Co., L.P.	Andrew E. Cullen	6/25/04	Andrew E. Cullen	Director, Environ. & Tech. Services.
Pilot Chemical Co.	Tracy D. Hester	5/21/04	Tracy D. Hester	Attorney
Procter & Gamble Haircare LLC	Reed W. Neuman	6/21/04	REED W. NEUMAN	ATTORNEY
Ralphs Grocery Company	Marc D. Lueschbrink	6/21/04	Marc D. Lueschbrink	Attorney
Rexam, Inc.	John F. Cermak, Jr.	5/17/04	John F. Cermak, Jr.	Attorney
SBC/Pacific Bell	Irene Soto	6/3/04	IRENE SOTO	REGIONAL MGR.
Sears, Roebuck and Co.	Fritn Crandall	6/9/04	Fritn Crandall	Attorney
Southern California Edison Company	Stephen E. Pickett	6/14/04	STEPHEN E. PICKETT	SR. V. P. & GEN'L COUNSEL
Southern California Gas Company	Masood Hossaini	6/14/04	Masood Hossaini	Sr. Project Manager
Sunquest Properties, Inc.	Jason Lin	6/1/04	Jason Lin	Project Manager
Tidelands Oil Production Company	Mark A. Sherman	6/8/04	MARK A. SHERMAN	Manager EHS
Ultramar, Inc.	Kimberly S. Bowers	5/14/04	Kimberly S. Bowers	Assistant Secretary
Union Oil Company of California	Michael P. Mailloux	5-25-04	Michael P. Mailloux	Project Manager

Exhibit A

Financial Terms of Settlement Offer

Gibson Environmental Site, Bakersfield, California

[a] Offeree	[b] Waste-In Solids (Tons)	[c] Percentage Share of Solids [b] / Σ [b]	[d] Waste-In Liquids (Gallons)	[e] Percentage Share of Liquids [d] / Σ [d]	[f] Waste Allocation ([c] x 53%) + [e] x 47%	[g] Base Payment	[h] Allocation of Past Costs Less Total of Base Payments (w/o Premium) ([c] x 25%) + ([e] x 75%) x Past Costs	[i] Allocation of Future Costs (w/ Premium) ([c] x 65%) + ([e] x 35%) x \$17.9MM x 2.0	[j] Total Cash-Out Payment (Settlement Amount) [g] + [h] + [i]
CITY OF REDLANDS	0	0.0000%	58,790	0.0767%	0.0360%	\$750	\$3,792	\$9,611	\$14,153
Other De Minimis Parties	115,710	24.4518%	20,890,531	27.2549%	25.7693%				
Other Viable Parties (including Gibson Group Members)	357,507	75.5482%	55,699,375	72.6684%	74.1947%				
Total	473,217	100.000%	76,648,696	100.000%	100.000%				

[a] Offeree: This is the name of the party to whom the settlement offer is being made. Settlement offers are being made to all parties with "Waste Allocation" shares above the EPA-determined *de minimis* cutoff of 0.002%.

[b] Waste-In Solids (Tons): This is the total amount of solid waste attributable to the Offeree.

[c] Percentage Share of Solids: This is the Offeree's percentage share of all solid waste attributable to all financially viable parties above the *de minimis* cutoff.

[d] Waste-In Liquids (Gallons): This is the total amount of liquid waste attributable to the Offeree.

[e] Percentage Share of Liquids: This is the Offeree's percentage share of all liquid waste attributed to all financially viable parties above the *de minimis* cutoff.

[f] Waste Allocation: This is a cost-weighted average of the Offeree's solid and liquid waste percentage shares developed solely for the purposes of determining *de minimis* settlement eligibility (i.e., > 0.002%). This value is not used to calculate the Offeree's total buyout payment. Buyout payments are calculated from the values reported or referenced at columns [g] through [i]. The percentage weights reflect the ratio of total (past and future) costs pertaining to solids and liquids at the Gibson Site.

[g] Base Payment: Base Payments are assigned to all viable parties in the amount of \$750. The sum of all potential Base Payments is \$836,250.

[h] Allocation of Past Costs (without Premium): For allocation purposes, Past Costs (\$7,427,410) are reduced by the total of all Base Payments (\$836,250) and are then weighted 25% to solid waste and 75% to liquid waste, with no premium applied. These percentage weights reflect the ratio of past costs pertaining to solids and liquids at the Gibson Site. Thus, actual Past Costs subject to allocation are \$6,591,160 (\$7,427,410 - \$836,250).

[i] Allocation of Future Costs (with Premium): The allocation of Future Costs (\$17.9 million) is weighted 65% to solid waste and 35% to liquid waste, with a 2.0 buyout premium multiplier. These percentage weights reflect the ratio of future costs pertaining to solids and liquids at the Gibson Site.

[j] Total Cash-Out Payment: The "Total Cash-Out Payment" is the sum of columns [g], [h] and [i].