

**DOCUMENTS IN SUPPORT OF
HOLLIDAY ROCK CO., INC., SUCCESSOR IN INTEREST TO
LITTLEROCK AGGREGATE CO., INC.'S RESPONSES TO COURT
ORDERED DISCOVERY FOR PHASE 4 TRIAL**

EXHIBIT 1

Asset Purchase Agreement

I

Parties

This **Asset Purchase Agreement (the "Agreement")** is made this 10th day of September 2008, by and between **Littlerock Aggregate Co., Inc., dba Antelope Valley Aggregate, Inc.** a California Corporation (herein "Seller") and **Holliday Rock Co., Inc.**, a California Corporation (herein "Buyer").

II

Recitals

1. Buyer is the owner and operator of Holliday Rock Co., Inc. headquartered at 2193 W. Foothill Blvd. in Upland.
2. Littlerock Aggregate Co., Inc. dba Antelope Valley Aggregate, Inc. (Seller) is the owner of an Aggregate Plant, Asphalt Batch Plant, Office Building, Maintenance Facilities, Water Rights, Mining Rights, water works, mobile equipment, components, permits, mining and reclamation plan, existing lease with Cornerstone Materials, pit run sharing agreement with Service Rock, and ancillary elements to the site, as an on-going concern and fully operable business, ("the Assets"), situated upon the Premises located at 7311 East Avenue T in Littlerock, California (the "Premises"). A list of assets is documented on Exhibit "C".
3. Littlerock Aggregate Co., Inc. dba Antelope Valley Aggregate, Inc. (Seller) is the owner of the property located at 7311 East Avenue T in Littlerock, California (the "Premises") whose location is more specifically identified on the attached Exhibit "A".
4. Seller desires to sell to Buyer, and Buyer desires to purchase from the Seller, certain specified assets used in the business as shown in Exhibit "C" and Seller desires to lease to Buyer and Buyer desires to lease from Seller the Premises pursuant to the terms, covenants, and conditions set forth herein as Exhibit "B".
5. Seller desires to assign its position as Landlord in the Cornerstone Materials Lease, and Buyer desires to assume Seller's position as Landlord in the Cornerstone Materials Lease, pursuant to the Assumption Agreement set forth herein as Exhibit "D".

Now, therefore, in consideration of the foregoing premises and the mutual covenants set forth below and other consideration the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

III

Sale and Transfer of Assets

1. **Purchase and Sale.** On the closing date (the "Closing") specified in Article V herein, Seller shall sell, transfer, convey, and deliver to Buyer, and Buyer shall purchase from Seller, the Assets of Seller (the "Assets"), listed on Exhibit "C" attached hereto.
2. **Purchase Price.** Buyer shall pay and provide to Seller as consideration for the transfer of the Assets the following:
Cash. Buyer shall deliver the sum of [REDACTED], inclusive of all sales, use, and/or other taxes, to seller, at Closing by Cashiers check or other certified funds.

IV

Conditions Precedent

All obligations of the parties under this agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

1. The Premises shall be fully operational including the right to operate as an Aggregate Plant and Asphalt Batch Plant.
2. Seller and Buyer shall have performed and complied with all covenants, agreements, and conditions required by this Agreement.
3. Seller shall indemnify Buyer for any environmental conditions created by Seller or its predecessors, which are required by applicable law to be remediated. Seller will indemnify and hold harmless Buyer from and against any and all claims, costs, and expenses which arise or result from these environmental conditions created by Seller or its predecessors. The Indemnity is included in the Lease agreement between the parties, and includes a Remediation Covenant and a Personal Guarantee.
4. Buyer shall have reviewed and approved, to its satisfaction, the lease for the Premises. The Lease for the Premises is attached as Exhibit "B".
5. Buyer shall have reviewed all applicable permits for the site including air quality, reclamation plans and conditional use permits to its satisfaction.

V

Closing

1. **Closing.** The transfer of the Assets by the Seller to Buyer shall take place on or before the 1st day of October, 2008 (the "Closing") or such other time as the parties may agree.
2. **Obligations of the Seller.** At the Closing, Seller shall deliver or cause to be delivered to Buyer:
 - a. Executed Bills of Sale for the Assets free and clear from all liens and encumbrances;
 - b. Originals of all Air Quality permits, Reclamation Plans, CUP permits and other permits relating to the Business and Premises;
 - c. Indemnification for existing environmental conditions;
 - d. Assignment of the Cornerstone lease;
 - e. Executed lease for the premises;
 - f. Assignment of Purchase Orders from L.A. County Department of Public Works and City of LADWP;
 - g. Executed Personal Guarantee.
3. **Obligations of the Buyer.** At the Closing, Buyer shall deliver or cause to be delivered to Seller:
 - a. Cashiers Check in the amount of [REDACTED]
 - b. Assumption of the assigned Cornerstone lease;
 - c. Executed lease for the premises;
 - d. Executed assumption of the L.A. County Department of Public Works and City of LADWP Purchase Orders.

VI

Expenses

Each party shall pay its own expenses incurred in connection with consummation of the transactions herein specified, including without limitation, transfer fees, permit fees, and fees and expenses of each party's legal counsel, accountants, and other advisors.

VII

Risk of Loss

Pending consummation of this sale, if any material loss, damage, destruction of the Premises or assets shall occur, and if Seller chooses not to either replace the damaged items or to reduce the purchase price by diminution of value resulting from such loss, then Buyer shall have the right, exercisable by giving of written notice to Seller, to terminate this Agreement.

VIII

Brokers

Each party to this Agreement represents and warrants that no broker or finder has acted for it in connection with this Agreement or the transactions contemplated hereby and that no broker or finder is entitled to any brokerage or finder's fee or other commission. Each party to this Agreement agrees to indemnify and hold harmless the other parties hereto with respect to any claim for any brokerage or finder's fee or other commission.

IX

Notice

All notices, requests, demands, and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, given by prepaid telegram or mailed first-class, postage prepaid, registered, or certified mail as follows:

If to Buyer:

Holiday Rock Co., Inc.
2193 W. Foothill Blvd.
Upland, CA. 91786
Attn: John Holliday

If to Seller:

Little Rock Aggregate Co., Inc. dba
Antelope Valley Aggregate, Inc.
7311 East Avenue T
Little Rock, CA. 93543
Attn: Robert J. Pius

And

Little Rock Aggregate Co., Inc. dba
Antelope Valley Aggregate, Inc.
P.O. Box 1409
Lancaster, CA 93584
Attn: A.C. Warnack

SELLER:

**Little Rock Aggregate Co., Inc., dba
Antelope Valley Aggregates, Inc.**
a California Corporation

By 

DATED: 9/12, 2008

BUYER:

Holiday Rock Co., Inc.
a California Corporation

By 

DATED: 9/10, 2008

Asset Purchase Agreement

Exhibit A

Premises

Assessor's Parcel Number

3051-008-013

3051-008-012

3051-008-001

3051-008-003

Except that portion defined as "Excluded Property" in the lease and as shown on the attached map outlined in yellow.



Google

17 59 48 37 W
Elev: 848 m
Mar 16, 2008
Eye alt: 1.80 km

East Avenue

Asset Purchase Agreement

EXHIBIT B

Lease for Premises

LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT ("Lease") is made and entered into this 1st day of October, 2008, by and between Littlerock Aggregate Co., Inc. dba ANTELOPE VALLEY AGGREGATE, INC. a California Corporation (hereafter "Lessor") , and Holliday Rock Co., Inc., a California Corporation (hereafter "Lessee").

RECITALS

1) Lessor is the owner of that certain property, located at 7311 E. Avenue 'T', Littlerock, California, more fully described in Exhibit 'A', attached hereto and incorporated by reference herein, (the "Premises"), comprised of roughly 216 acres, more or less, and the subject of this Lease. The Premises are more specifically identified on the attached Exhibit "A", and delineates certain portions which have been excluded for indemnity purposes, more fully described herein.

2) Lessee is the owner of the Aggregate Plant, Asphalt Batch Plant, Office Building, Maintenance Facilities, Water Rights, Mining Rights, water works, mobile equipment, components, permits, mining and reclamation plan, existing lease with Cornerstone Materials, pit run sharing agreement with Service Rock, and ancillary elements to the site, as an on-going concern and fully operable business, situated upon the Premises.

3) Lessor has the rights to mine the Premises under a State of California, and City of Palmdale, vested right, encompassed and detailed in an approved Reclamation Plan, Number 89-1, attached hereto as Exhibit "B", incorporated herein by reference, and under which Lessee will operate and mine the Premises during the term of this Lease. Lessor represents that the Premises, upon commencement of this Lease, are in compliance with all laws, statutes, ordinances, and governmental rule or regulation.

4) The Premises are subject to an existing ground lease with Cornerstone Materials Corporation, which has been assigned to Lessee. A copy of the ground lease is attached hereto as Exhibit "C" and incorporated herein by reference.

5) The parties desire to enter into this Lease covering the Premises for the term and subject to the conditions listed below.

AGREEMENT

NOW, THEREFORE, Lessor does hereby lease the Premises to Lessee, and Lessee hereby does lease the Premises from Lessor upon the terms and conditions hereinafter set forth.

1. TERM. The term of this lease shall be for twenty five (25) years, commencing on the date first entered and expiring twenty five years thereafter, unless sooner terminated as hereinafter provided.

2. ROYALTY LEASE PAYMENTS. Lessee agrees to pay to Lessor, as rent for the Premises, a per-ton (2,000 pounds) royalty on each and every ton of material removed, processed and sold from the property during the term as follows:

During the first full year of this Lease, and each subsequent year thereafter, Lessee will pay to Lessor a royalty, subject to a minimum annual total payment of [REDACTED]. A minimum royalty of [REDACTED] shall be paid to the Lessor monthly by the 20th day of the month following the end of each month.

Subject to Paragraph 37 below, Lessee will pay to Lessor a royalty of [REDACTED] per ton for all aggregate (rock and sand) tons, both external to third parties and internal to Lessee or any related entities, on the extraction of any tons of materials mined and removed exclusively from the Premises. Beginning with the second full year of this Lease, the royalty of \$ [REDACTED] per ton will be adjusted in accordance with the Consumers Price Index for All Urban Consumers for the Los Angeles-Long Beach-Anaheim, California area, as published by the United States Department of Labor's Bureau of Labor Statistics. If the United States Department of Labor's Bureau of Labor Statistics discontinues publication of the above Index or publishes such Index less frequently, or alter such Index in some other manner, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. The Base Period Index shall be the Index for the first full calendar month in which Lease Payments commence. Both parties recognize that the index may move upward or downward and that the royalty adjustments will follow said Index throughout the term or extensions of this Lease. In no event will either the lease royalty rate or the guaranteed minimum annual royalty be less than that provided for initially in this Lease. Both Lessor and Lessee agree that the reserves of commercially recoverable and mineable aggregates on the Premises may be exhausted prior to the term of this Lease. Lessor agrees to allow Lessee to bring other pit feed materials into the site for processing and sale through Lessee's aggregate plant during the term of this Lease. Subject to the annual minimum payments referred to herein, Lessee shall pay to Lessor a royalty for those materials that are not extracted from the Premises in the amount of [REDACTED] cents per ton. Both parties agree that there may be instances where royalties are paid to Lessor under either of the royalty rates, or a combination thereof. Lessee warrants that, regardless of the per ton royalty payment, Lessor shall receive, at a minimum, the annual minimum payments listed above.

The Royalty shall be paid to the Lessor monthly by the 20th day of the month following the end of each month and Lessee agrees it will pay the Royalty to Lessor monthly, irrespective of whether the Royalty is less than or in excess of the minimum total annual payment provided for herein. Likewise, Royalties may be carried forward from month to month or year to year during the Term hereof.

All royalties provided for herein shall in each case be deemed to accrue and be payable as soon as any material is sold or removed from the Premises. The word "removed" as used herein means the actual physical taking of the material beyond the exterior boundaries of the Premises. The word "sold" as used herein means the transfer of title to any material to any party, including use by Lessee.

3. EXISTING RECYCLE BUSINESS. Lessor, at the commencement of this Lease, has an on-going recycle business, conducted on a portion of the property which is not a part of the Premises. As a material consideration of this Lease, Lessee agrees that Lessor will continue its recycle activities, subject to Paragraph 26 below, during the term hereof.

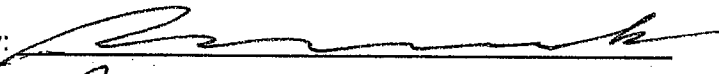
4. HOLDOVER. Should Lessee hold over and continue in possession of the Premises after expiration of the term of this Lease or any extension thereof, Lessee's continued occupancy of the Premises shall be considered a month-to-month tenancy subject to all the terms and conditions of this Lease.

5. USE OF PREMISES. The Premises shall be used for the purpose of maintaining and operating an asphalt batch plant, a rock & sand processing plant and related activities. Lessee shall have rights to pump and utilize ground water and/or surface water from the site for its needs in the day to day operations of the business. The Premises may be used for any other lawful purpose and Lessee shall have the right to sublease or assign part of all of the premises in keeping with this Paragraph 5, and detailed in Paragraph 7.

6. SALE OF PREMISES. In the event that Lessor receives a bona-fide written offer to purchase any portion or all of the Premises during the term hereof, Lessor agrees to present such offer to

LESSOR:

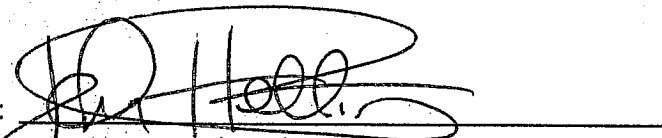
Littlerock Aggregate Co., Inc. dba
ANTELOPE VALLEY AGGREGATE, INC., a California Corporation

By: 

Its: President

LESSEE:

HOLLIDAY ROCK CO., INC., a California Corporation

By: 

Its: Secretary Treasurer

Asset Purchase Agreement

Exhibit C

Assets

- Mining rights associated with reclamation plan number 89-1.
- Water rights associated with the two on-site wells.
- All other permits related to, associated with, or required for the business.
- Assumption of seller's position as landlord in the Cornerstone Lease originally dated August 1, 2006.
- Antelope Valley Air Quality Management District Permits:
 - Aggregate Crushing and Screening Plant (Secondary), B006177
 - Aggregate Crushing and Screening Plant (Primary), B006178
 - Dry Aggregate Transfer System, B006180
 - Asphaltic Concrete Batch Plant, B008098
 - Scrubber, C008100
 - Silo, Cement and Mineral Filler Storage, T008099
 - Storage Tank #2, Asphalt, T008101
 - Storage Tank #3, Asphalt, T008102
 - Storage Tank #4, Asphalt, T008103
- Permit to Operate Liquefied Petroleum Gas Tank, L008493-71 (Tank# 378324)
- Inspection Permit for Operation of Air Pressure Tank, 6703-67 (Tank# 7198)
- Daylite agreement and royalty payoff letter from Service Rock dated March 9, 2005
- The assets listed in the September 28, 2006 report (attached)
- The assets listed which comprise the hot mix asphalt plant (attached)
- The shop building adjacent to the hot mix asphalt plant.
- Transfer of the purchase orders from LA County Department of Public Works and City of LADWP.
- Gasoline Dispensing Facility (Non Retail), Permit# N007978

Note: It is understood that the assets purchased are on an "as-is, where-is", in operation condition. Further, the assets will be transferred free and clear of any and all encumbrances.

ANTELOPE VALLEY AGGREGATE, INC.
Littlerock, California

COPY

Report Date: September 28, 2006

Effective Date of Value: September 12, 2006

Qty	Ref. #	Description	Fair Market Value in Place
		(Machinery & Equipment/Main Plant, continued)	
1	7A	channel conveyor, 36" x 30', 10 hp	
1	7B	channel conveyor, 30" x 61', 15 hp	
5	7B	vibrating feeders and tunnel	
		<u>Pumps Throughout</u>	
1		lake booster pump, 75 hp	
1		feeder pond pump (bowls), 60 hp	
1		feeder pond pump, 60 hp	
1		back well pump, 75 hp	
1		front well pump, 50 hp, electric	
		recycle pond pump, 75 hp	
2		water pumps powered by CAT3160 diesel engines, Berkeley 6 X 8, mdl. B8G, trailer mounted (fair condition)	
lot		Lab Room contents consisting of: (1) ice machine with water dispenser (poor condition) (1) platform balance beam scale, 105 lbs., 12' x 18" (poor condition) (1) portable sieve shaker, TYLER, mdl. RX-24 (fair condition) (1) wood bench, L-shape, 6' x 8'	
lot		Repair Shop/Maintenance Shop contents consisting of: (1) welder, MILLER, Big 40, diesel (2) oil tanks, above ground, 250 gallon (1) oil tank, 1000 gallon (1) air compressor, 10 hp, reciprocating (lot) rear containment area, 10' x 24' and side containment area, 52' x 29' (1) swamp cooler Maintenance Shop with: (6) nuts and bolts bins, 7' x 4' (1) refrigerator (poor condition) (1) acetylene torch set with cart (1) space heater, portable (1) eye wash station with wash sink (1) metal cabinet, 30" x 30" x 30" (1) welding table, 7' x 7' with vice, 6" (1) H-frame hydraulic press, 60 ton (1) metal shelf, 7' x 4' (lot) work bench area, 30" deep X 14' (1) drill press, bench model, CI, 5 speed, 14"	

ANTELOPE VALLEY AGGREGATE, INC.
Littlerock, California

COPY

Report Date: September 28, 2006

Effective Date of Value: September 12, 2006

<u>Qty</u>	<u>Ref. #</u>	<u>Description</u>	<u>Fair Market Value in Place</u>
		(Rolling Stock/Equipment, continued)	
1		FORD loader with backhoe, C525235, mdl. DF211F	
1		AUSTIN WESTERN 410D hydraulic routh terrain crane, 10940	
		TOTAL ROLLING STOCK	
		Miscellaneous	
1		50 ton platform scale, with 10' x 70' platform and digital readout	
1		above ground fueling and storage system tank, 2000 gallon, (SUPER VAULT 800 tank MA), 10,000 gallon. Diesel tank, with fillrite pumps, with catwalk filler platform, 69' x 30 concrete foundation, 23' x 36' containment area, 8", with 34 bumper salty pots (excellent condition)	
1		horizontal screen, 5' x 16', ELJAY, 2 deck, portable	
1		Incl. screen, 6' x 14', SIMPLICITY, 3 deck	
1		portable horizontal screening plant, CEDAR RAPIDS, (2) each 5' x 16', 2 deck, 29350 and 29351	
1		cone crusher, 45", ELJAY, RC 45 STD, portable	
1		cone crusher, 48", TELSMITH - parts only	
1		6' chain link perimeter fence, approximately 1200 ft.	
1		8' x 150' corrugated metal tunnel, multi plate (excludes costs of boring actual tunnel)	
1		8' x 450' corrugated metal tunnel, multi plate (excludes costs of boring actual tunnel)	
2		water wells/underground piping, with: 1000' 10" welded steel pipe from wash plant to sediment pond 1500' 8" welded steel pipe used for dewatering 3000' 6" aluminum pipe with vic couplings used for dewatering	
lot		telephone system	
lot		underground utilities consisting of: 1350' of 10" or 12" steel pipe from recycle pond to lake (above ground 1,100') 1550' of 8" steel pipe from well to lake 950' of 8" or 10" PVC pipe from lake to main plant and sand plant	

Bill of Sale

For good and valuable consideration, receipt of which is hereby acknowledged, the undersigned, Littlerock Aggregate Co., Inc. dba Antelope Valley Aggregate, Inc., a California Corporation ("Seller") does hereby, give, grant, bargain, sell, transfer, assign, convey, and deliver to Holliday Rock Co., Inc., a California Corporation ("Buyer"), the assets of Seller described on Exhibit "C" of the Asset Purchase Agreement, pursuant to all the terms and conditions of the certain Asset Purchase Agreement as executed on the 10th day of September, 2008, between Seller and Buyer.

Seller hereby covenants that it will, at any time and from time to time upon written request therefore, execute and deliver to Buyer, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which Buyer, its nominees, successors and/or assigns, may request in order to fully assign and transfer to and vest in Buyer, its rights, title and interest in and enjoyment of, the assets of Seller described on Exhibit "C" intended to be transferred and assigned hereby, or to enable Buyer, its nominees, successors and/or assigns to realize upon or otherwise enjoy such assets.

All references to "Seller" and "Buyer" herein shall be deemed to include their respective heirs, representatives, nominees, successors and/or assigns, where the context permits.

SELLER:
Littlerock Aggregate Co., Inc. dba
Antelope Valley Aggregate, Inc
a California Corporation

DATED: October 1, 2008

By: 