

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

P-3

This Credit Expires January 6, 2007

Issued To: U.S. Nuclear Regulatory Commission  
Washington, DC 20555

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. [REDACTED] in your favor, at the request and for the account of Gammapar, LLC, 1191 Venture Drive, Forest, Virginia 24551, License No. 45-11496-02, Docket No. 030-33087, up to the aggregate amount of One Hundred Thirteen Thousand and 00/100 U.S. Dollars \$113,000.00, available upon presentation of:

RECEIVED

15

- (1) your sight draft, bearing reference to this Letter of Credit No. [REDACTED] and
- (2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of the U.S. Nuclear Regulatory Commission."

This letter of credit is issued in accordance with regulations issued under the authority of the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter 1 of the Code of Federal Regulations, Part 30, which require that a holder of, or an applicant for, a materials license issued under 10 CFR Part 30 provide assurance that funds will be available when needed for decommissioning.

This letter of credit is effective as of January 6, 2006 and shall expire on January 6, 2007, but such expiration date shall be automatically extended for a period of One Year on January 6, 2007 and on each successive expiration date, unless, at least 90 days before the current expiration date, we notify both you and Gammapar, LLC, by certified mail, as shown on the signed return receipts. If Gammapar, LLC is unable to secure alternative financial assurance to replace this letter of credit within 30 days of notification of cancellation, the NRC may draw upon the full value of this letter of credit prior to cancellation. The bank shall give immediate notice to the applicant and the NRC of any notice received or action filed alleging (1) the insolvency or bankruptcy of the financial institution or (2) any violation of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. The financial institution also shall give immediate notice if the bank, for any reason, becomes unable to fulfill its obligation under the letter of credit.

**NONNEGOTIABLE**

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NUREG-1500 MATERIALS-001

Whenever this letter of credit is drawn on, under and in compliance with the terms of this letter of credit, we shall duly honor such draft upon its presentation to us within 30 days, and we shall deposit the amount of the draft directly into the standby trust fund Gammapar, LLC in accordance with your instructions.

Each draft must bear on its face the clause: "Drawn under Letter of Credit No. [REDACTED], dated January 6, 2006, and the total of this draft and all other drafts previously drawn under this letter of credit does not exceed One Hundred Thirteen Thousand and 00/100 US Dollars."

American National Bank & Trust Company  
18321 Forest Road  
Lynchburg, VA 24502

By: Karen P. Kinnier  
Karen P. Kinnier, Senior Vice President

January 6, 2006

This credit is subject to and governed by the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce, 1993 revision, Publication 500.

## STANDBY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of January 6, 2006 by and between Gammapar, a Virginia corporation, LLC herein referred to as the "Grantor" and American National Bank and Trust Company, the "Trustee."

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in title 10, Chapter 1 of the Code of Federal Regulations, Part 30. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part 30 provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a letter of credit, to provide all of such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a letter of credit, this standby trust shall be used for the receipt of such payment; and

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 NRC licensee 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. Cost of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number 45-11496-02 issued pursuant to 10 CFR Part 30 as shown in Schedule A.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the benefit of NRC. The Grantor and the Trustee intend that no third party shall have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property,

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subsequently transferred to the Trustee are 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 of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by NRC.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- a. A certificate duly executed by the Secretary of the Grantor attesting to the occurrence of the events, and in the form set fourth in the attached Certificate of Events, and
- b. A certificate attesting to the following conditions:
  - a. that decommissioning is proceeding pursuant to an NRC-approved plan;
  - b. that the funds withdrawn will be expended for activities undertaken pursuant to that plan, and
  - c. that NRC has been given 30 days prior notice of Gammapar's intent to withdraw funds from the trust fund.

No withdrawal from the Fund for a particular license can exceed 10 percent of the remaining funds available for that license unless NRC written approval is attached.

In addition, the Trustee shall make payments from the Fund as NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC, from the Fund for expenditures for required activities in such amounts as NRC, shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust 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 its duties with respect to the 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:

- (a) 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;
- (b) 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 Government, and in obligations of the Federal Government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated BBB or higher by Standard & Poor's and Baa or higher by Moody's Investment Services; and
  - (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, 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 that 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 power and discretion 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, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and NRC or to reinvest in securities at the direction of the Grantor;
- (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 names of a nominee, and to hold an 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, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, 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 or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. 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 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. After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to NRC 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 before the anniversary date of the 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 NRC, shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel 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 on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor.  
(See Schedule C)

Section 13. Successor Trustee. Upon 90 days notice to the NRC and the Grantor, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, the successor accepts the appointment, the successor is ready to assume its duties as trustee, and NCR has agreed, in writing, that the successor is an appropriate Federal or State government agency or an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a Federal or State agency. The successor trustee shall have the same powers and duties as those conferred upon the Trust hereunder. When the resignation or replacement is effective, 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, NRC, 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. Instruction to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this Agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. If NRC issues orders, requests, or instructions to the Trustee these shall be in writing, signed by NRC or their designees, 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 NRC, 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 NRC, except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, The Trustee and the NRC or State agency or by the Trustee and NRC, if the Grantor ceases to exist. All amendments shall meet the relevant regulatory requirements of NRC.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and NRC, or by the Trustee and NRC, if the Grantor ceases to exist. Upon the termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

Section 17. 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 NRC, 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 18. This Agreement shall be administered, construed, and enforced according to the laws of the State of Virginia.

Section 19. Interpretation and Severability. 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. If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

ATTEST: Karen Kinnier

Gammapar, LLC

By: Barry Brubaker  
Barry Brubaker  
Chief Executive Officer  
1191 Venture Drive  
Forest, VA 24551  
Contact: Betty Cleveland  
Phone: (434) 525-5252

STATE OF VIRGINIA

CITY OF LYNCHBURG, To-Wit:

The foregoing agreement was acknowledged before me on this 6<sup>th</sup> day of January 2006, by Barry Brubaker, CEO, Member of Gammapar, LLC

Lura L. Craghead  
Notary Public

My Commission Expires: 4-30-2007

Lura L. Craghead  
NOTARY PUBLIC  
Commonwealth of Virginia  
My Commission Expires 4/30/

ATTEST: Karen Kinnier

American National Bank and Trust Company

By: Joan R. Butler

Joan R. Butler,  
Trust Officer

18321 Forest Road  
Lynchburg, VA 24502

STATE OF VIRGINIA

CITY OF LYNCHBURG, To-Wit:

The foregoing agreement was acknowledged before me on this 6<sup>th</sup> day of January 2006, Joan R. Butler, Trust Officer for American National Bank and Trust Company.

Lura L. Craghead  
Notary Public

My Commission Expires: 4-30-07

Lura L. Craghead  
NOTARY PUBLIC  
Commonwealth of Virginia  
My Commission Expires 4/30/07



### **Schedule A**

This Agreement demonstrates financial assurance for the following cost estimates or prescribed amounts for the following licensed activities:

U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER(S)	NAME AND ADDRESS OF LICENSEE	ADDRESS OF LICENSED ACTIVITY	COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT
45-11496-02	<b>Gammapar, LLC</b> 1191 Venture Drive Forest, VA 24551	<b>1191 Venture Drive</b> <b>Forest, VA 24551</b>	<b>\$113,000.00</b>

The cost estimates listed here were last adjusted and approved by NRC on March 08, 2001.

### **Schedule B**

DOLLAR AMOUNT \$113,000.00

AS EVIDENCED BY NRC Letter dated June 17, 2005 (ML051710351)

### **Schedule C**

American National Bank & Trust Company, 18321 Forest Road, Lynchburg, Virginia  
24502 (434) 316-7116

Trustee's fees shall be determined if this standby letter of credit is activated.

Specimen Certificate of Events

American National Bank & Trust Company  
18321 Forest Road  
Lynchburg, VA 24502

Attention: Trust Division

Gentlemen:

In accordance with the terms of the Agreement with you dated January 6, 2006, I, Barry Brubaker, Member of Gammapar, LLC, hereby certify that the following events have occurred:

1. Gammapar, LLC is required to commence the decommissioning of its facility located at 1191 Venture Drive, Forest, VA 24551 (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States nuclear Regulatory Commission, or its successor, on \_\_\_\_ (copy of approval attached).
3. The Board of Directors of Gammapar, LLC has adopted the attached resolution authorizing the commencement of the decommissioning.

\_\_\_\_\_  
Member of Gammapar, LLC

\_\_\_\_\_  
Date

Specimen Certificate of Resolution

I, Barry Brubaker, do hereby certify that I am a Member of Gammapar, LLC, a Virginia limited liability company, and that the resolution listed below was duly adopted at a meeting of this Limited Liability Company's Members on \_\_\_\_\_, 2006.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Company this \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
Member

RESOLVED, that these Members hereby authorize the Managing Member, or such other employee of the Company as he may designate, to commence decommissioning activities at Gammapar, LLC in accordance with the terms and conditions described to these Members at this meeting and with such other terms and conditions as the Managing Member shall approve with and upon the advice of Counsel.

Letter of Acknowledgment

STATE OF VIRGINIA

To Wit:

CITY OF LYNCHBURG

One this \_\_ day of \_\_\_\_, before me, a notary public in and for the city and State aforesaid, personally appeared Joan R. Butler, and she did depose and say that she is the Trust Officer of American National Bank & Trust Company, Trustee, which executed the instrument; that she knows the seal of said association; that the seal affixed to such instrument is such company seal; that it was so affixed by order of the association; and that she signed her name thereto by like order.

\_\_\_\_\_  
Signature of notary public

My Commission Expires: \_\_\_\_\_

LOC/STA

This is to acknowledge the receipt of your ~~letter~~ application dated  
1/6/2006, and to inform you that the initial processing which  
includes an administrative review has been performed.

☒ FINANCIAL ASSISTANCE 45-11496-01  
There were no administrative omissions. Your application was assigned to a  
technical reviewer. Please note that the technical review may identify additional  
omissions or require additional information.

☐ Please provide to this office within 30 days of your receipt of this card

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A copy of your action has been forwarded to our License Fee & Accounts Receivable  
Branch, who will contact you separately if there is a fee issue involved.

Your action has been assigned **Mail Control Number** 138231.  
When calling to inquire about this action, please refer to this control number.  
You may call us on (610) 337-5398, or 337-5260.