

2.0 INTRODUCTION

2.1 Location and Client Information

Site Location:

22000 NE Halsey Street
Fairview, Oregon 97024

Client Data:

Lexmar Development Company
41 East Main Street
Los Gatos, California

ATTN: Mark Donati

2.2 Purpose

A Phase One Environmental Site Assessment was conducted by PBS for the above-referenced site. The purpose of the Phase One was to identify *recognized environmental conditions* associated with the subject property, that is, to assess the likelihood that contamination from *hazardous substances* or *petroleum products* may exist on the subject property either from past or present use of the subject property or nearby properties. The project was performed in general accordance with the ASTM Standard Practice for conducting Phase One Environmental Site Assessments (Designation E 1527-00).

2.3 Scope of Work

The scope of work for the project included the items listed below:

1. Subject property identification and visual survey for the presence of hazardous substances and petroleum products;
2. Review federal, state and local agency listings regarding the subject property and adjacent areas, using a commercial database search provider;
3. Review of historic maps, historic occupants and the nature of past property usage;
4. Review of available soils, geology or environmental reports for the subject property or in the vicinity of the subject property;
5. Interviews with persons knowledgeable about the subject property;
6. Preparation of the report which summarizes observations, sources utilized, and findings, conclusions and recommendations relating to the presence or likely presence of hazardous substances or petroleum products on the subject property.

The reader is referred to PBS's proposal/contract (Appendix A) to provide a Phase One Environmental Site Assessment for a detailed description of our Scope of Work.

2.4 Non-ASTM Method Scope of Work

No non-ASTM method scope issues were addressed during this study.

2.5 Significant Assumptions

This study is intended to reduce, but not eliminate, uncertainty regarding the potential for *recognized environmental conditions* in connection with the subject property, within reasonable limits of time and cost. It is assumed that the user has provided PBS with any specialized knowledge or experience that is material to *recognized environmental conditions* in connection with the property, including the reason why the property may have a significantly lower purchase price than comparable properties, if applicable. (ASTM 1527-00, Section 5.0)

In general, groundwater flow direction has been determined based on topography in the area of the subject property, i.e. the assumption is that shallow groundwater flow will follow topography. No site-specific field measurements of groundwater flow direction, e.g. installation of groundwater monitoring wells, have been performed.

Based on this interpretation, PBS has reviewed regulatory agency information for sites that are located in a presumed upgradient direction that, based on proximity and knowledge of potential contaminant fate and transport, may present a potential to impact the subject property.

2.6 Limitations and Exceptions

Unless noted otherwise, the scope of work is limited to elements of the ASTM standard. Non-ASTM scope issues (e.g. asbestos, lead-based paint, radon, wetlands, compliance audits, geotechnical investigations, etc.) were not addressed unless noted above in Section 2.4 and in our contract provided in Appendix A.

The ASTM method does not require a search interval of less than 5 years; this search interval is not guaranteed to identify all prior tenants or occupants of the subject property.

"Recognized Environmental Conditions" are defined at paragraph 1.1.1 of ASTM E 1527-00 and the complete text is included in the Glossary of this document. The vague and ambiguous nature of *recognized environmental conditions* as defined by the ASTM may result in reasonable minds differing as to whether any observed condition at a site is a *recognized environmental condition*. There may be other conditions noted in this report that could be considered *recognized environmental conditions* by other persons. Accordingly, the user is advised that no warranty is given that other experts may agree as to whether site conditions noted herein are *recognized environmental conditions*. Users of this report are encouraged to review the report in its entirety and specifically to consider the existence of all site conditions described in this report and not merely those classified herein as *recognized environmental conditions*.

When an assessment is completed without surface exploration or chemical screening of soil and groundwater beneath the site, as in this study, no statement of scientific certainty can be made regarding latent subsurface conditions, which may be the result of on-site or off-site sources. PBS is not able to represent that the site or adjoining land contains no hazardous

waste, oil, or other latent conditions beyond that detected or observed by PBS during the study.

The findings and conclusions of this report, therefore, are not scientific certainties, but rather, are based on professional judgment concerning the significance of the data gathered during the course of the Phase One. The conclusions in this report are not to be considered a legal opinion as to the client's duty concerning due diligence relating to potential liabilities in leasing, owning, or purchasing real estate.

The ASTM standard requires that all *obvious* uses of the subject property be identified from the present, back to the property's obvious first developed use, or back to 1940, whichever is earlier. This requires that the investigator review sources that are *publicly available, are available within a reasonable time and cost, and are reasonably ascertainable and considered practically reviewable*, as defined under the ASTM standard. In addition, these criteria are applied keeping in mind sources that are likely to provide information concerning possible recognized environmental conditions at the subject property. PBS has reviewed all sources of information that we consider meeting these criteria. In cases where the history of the property is not traced to prior to its first developed use, this condition is considered a *data failure*, and not an exception to the required scope of work.

A limitation exists: The client has requested that this study be completed in one week. Some records may not be readily reviewable in this time period.

There were no exceptions to the referenced Scope of Work.

2.7 Special Terms and Conditions

PBS's standard Terms and Conditions may be found in Appendix A; there are no special terms and conditions.

2.8 User Reliance

PBS acknowledges that the client ("User") may rely upon the information, findings, opinion and conclusions set forth in this report, subject to the conditions and limitations contained in this report and as set forth in our contract (see Appendix A). The report provides information on the subject property only as specified in the scope of work based on conditions at the time of the study. It was prepared in accordance with the standard of care of our profession. No warranties express or implied are made.

Reliance on this report by all other parties will require a written agreement from PBS.