Adams
ENGINEERING

January 2, 2008

Mr. John Clary
Lindale Economic Development Corp.
201 N. Main Street
Lindale, Texas, 75771

Re: Phase I Environmental Site Assessment
Approximately 105 Acre Tract
Southwest of Interstate 20 and Harvey Road
Lindale, Texas

Dear Mr. Clary,

It is a pleasure to submit, per your request, a Phase I Environmental Site Assessment of the tract of land referenced above in Lindale, Texas. This assessment was conducted in accordance with ASTM E 1527-05, which provides established criteria for conducting a *Phase I Environmental Site Assessment*. This assessment has revealed no evidence of *recognized environmental conditions* in connection with the property.

Should you have any questions or comments, please call.

Sincerely,
ADAMS ENGINEERING

Dustin Bird, CAPM
Environmental Specialist

Jeremy W. Rowden, P.G.
Program Manager

Encl: Phase I Environmental Site Assessment Report (3 Copies)

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PHASE I
ENVIRONMENTAL SITE ASSESSMENT

Of

APPROXIMATELY 105 ACRES
SOUTHWEST OF INTERSTATE 20 AND HARVEY ROAD
LINDALE, SMITH COUNTY, TEXAS

PROJECT NO. 2007-301

Prepared For:
Lindale Economic Development Corp.
201 N. Main Street
Lindale, Texas, 75771

Prepared By:
Adams Engineering
P.O. Box 131599
Tyler, Texas 75713-1599

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APPENDICES

EXECUTIVE SUMMARY

Adams Engineering has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527 of an approximately 105 acre tract of land located southwest of Interstate 20 and Harvey Road in Lindale, Smith County, Texas, the *property*. Any exceptions to, or deletions from, this practice are described in Section 1.4 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the property.

1.0 INTRODUCTION

Adams Engineering was retained by the Lindale Economic Development Corporation (LEDC) to conduct a Phase I Environmental Site Assessment (ESA) of an approximately 105 acre tract of land located southwest of Interstate 20 and Harvey Road in Lindale, Smith County, Texas.

1.1 Purpose

The purpose of this ESA was to conduct an investigation, to the extent feasible, of a parcel of commercial real estate with respect to a range of contaminants within the scope of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and petroleum products. As such, this report is intended to permit a *user* to satisfy one of the requirements to qualify for the *innocent landowner, contiguous property owner, or bona fide prospective purchaser* limitations on CERCLA liability: that is, the practice that constitutes *all appropriate inquiry* into the previous ownership and uses of the *property* consistent with good commercial or customary practice" as defined in 42 U.S.C. § 9601(35)(B). A complete evaluation of *business environmental risk* associated with a parcel of commercial real estate may necessitate investigation beyond that identified in this ESA. This investigation was conducted in accordance with ASTM E 1527-05, which provides established criteria for conducting a *Phase I Environmental Site Assessment.*

1.2 Detailed Scope of Services

This assessment has been conducted in accordance with and conforms to the ASTME 1527-05 standard protocol.

1.3 Significant Assumptions

There is a possibility that there may exist conditions which could not be identified within the scope of the assessment or which were not apparent during the site visit. There may exist on the site certain environmental conditions that are beyond the scope of this report, but may warrant consideration by parties to a commercial real estate transaction. Adams Engineering believes that the information obtained from the record review of public information and from interviews concerning the site is reliable. However, Adams Engineering cannot warrant or guarantee that the information provided by others is complete or accurate.

1.4 Limitations and Exceptions of Assessment

The field observations and research reported herein are considered sufficient in detail and scope to form a reasonable basis for a general environmental assessment of the property. This investigation was conducted in accordance with ASTM E 1527-05, which provides established criteria for conducting a *Phase I Environmental Site Assessment.* Adams Engineering warrants that the findings and conclusions contained herein were promulgated in accordance with generally accepted environmental assessment methods, only for the site described in this report. These environmental methods were developed to provide the client with information regarding apparent suspicions of existing and potential adverse environmental conditions relating to the property and were necessarily limited to the conditions observed at the time of the site visit and research.

1.5 Special Terms and Conditions

In defining a standard of good commercial and customary practice for conducting an ESA of a parcel of property, the goal of the processes established and the investigation herein is to identify *recognized environmental conditions.* The term "*recognized environmental conditions*" means the presence or likely

presence of any *hazardous substances* or *petroleum products* on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any *hazardous substances* or *petroleum products* into structures on the *property* or into the ground, ground water, or surface water of the *property*. The term includes *hazardous substances* or *petroleum products* even under conditions in compliance with laws. The term is not intended to include *de minimis* conditions that generally do not present a threat to public health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not *recognized environmental conditions.* This investigation does not address requirements of any state or local laws or of any federal laws other than the *all appropriate inquiry* provisions of the *landowner liability protections*. Terminology and definitions used herein and the methodology to conduct the ESA are in accordance with those definitions, terminologies, and practices described more fully in ASTM E 1527-05 and shall govern use and limitations of this report.

The report was also limited to the practically reviewable information available at the time it was prepared. In the event additional information is provided to Adams Engineering following the report, it will be forwarded to the client in the form received for evaluation by the client.

This ESA may be presumed to be viable for no more than 180 days. The possibility should be recognized that conditions affecting environmental concerns could change materially during this viability period due to the actions of others or due to off-site influences. If such changed conditions do occur during the viability period, the use of this report (other than immediate) is expressly prohibited unless a current investigation of those changed conditions is made by Adams Engineering. As a minimum, such a current investigation would typically include a new site reconnaissance, interviews, and an update of the records review.

1.6 Reliance

This assessment has been prepared for the sole use of the Lindale Economic Development Corporation (LEDC) and its related entities. It may not be reproduced without the approval of Adams Engineering. Other parties, without the express written consent of Adams Engineering and the LEDC, should not rely upon this assessment. No other warranties are implied or expressed.

2.0 SITE DESCRIPTION

2.1 Location and Legal Description

The property is comprised of a 105 acre tract of land located southwest of Interstate 20 and Harvey Road in Lindale, Smith County, Texas. A legal description of the site can be found in Appendix II of this report.

2.2 Site and Vicinity General Characteristics

No roads or paths with no apparent outlet have been identified on the property. To the extent that the general type of current or past uses of properties surrounding the property were visually and/or physically observed on the site visit or going to or from the property for the site visit, or were identified in the interviews or record review, the uses of properties in the general area surrounding the property were comprised of residential and agricultural to the east and west, I-20 to the north, and agricultural to the south. None of these uses are likely to indicate recognized environmental conditions in connection with the property.

The topographic conditions of the property are characterized as gently to moderately sloping. No information obtained shows there are likely to be hazardous substances or petroleum products on the property or on nearby properties and those hazardous substances or petroleum products are of a type that may migrate. There is one shed on the property. The shed is constructed of tin. The interior of the shed was visually and/or physically observed. No important features were observed in these areas and nothing was observed that indicated a recognized environmental condition. The structure consists of a tin shed used for storing hay and sheltering livestock. The structure is in good condition and is structurally sound.

2.3 Current Use of the Property

The property is comprised of a 105 acre tract of land located southwest of I-20 and Harvey Road in Lindale, Smith County, Texas. The property is currently used for agricultural purposes. None of the current uses are likely to involve the use, treatment, storage, disposal, or generation of hazardous substances or petroleum products. No unoccupied occupant spaces were observed.

There were no indications of improper application of pesticides, herbicides, or fertilizers. There were no indications of underground storage tanks observed during the reconnaissance of the site. The site location and site characteristics are shown in the maps and photographs found in Appendix I.

2.4 Descriptions of Improvements

Some minor improvements have been made to the property. Numerous fences, several gates, and one structure have been constructed. The structure is constructed of tin and located near the southeast corner of the property; adjacent to Harvey Road. The structure has a wooden frame with dirt floors. The roof and exterior walls are made of tin.

2.5 Current Uses of Adjoining Properties

The current use(s) of adjoining properties were visually and/or physically observable during the site visit. No current use(s) so identified are likely to indicate recognized environmental conditions in connection with the adjoining properties or the property. The current use of adjoining properties was observed from the property as follows:

North: Interstate 20

East: Residential and agricultural

South: Agricultural

West: Residential and agricultural

3.0 USER PROVIDED INFORMATION

The user of this ESA is Lindale Economic Development Corporation (LEDC). In order to qualify for one of the Landowner Liability Protections (LLPs) offered by the "Brownfields Amendments", the user has provided all of the required information to the environmental professional. All of the user-provided information was obtained prior to the site visit. The user has provided all helpful documents to the environmental professional that could be provided within reasonable time and cost constraints. A full copy of the questionnaire utilized to obtain the user-provided information is included in Appendix IV.

3.1 Title Records

No title records were provided by the user for use in this ESA. The Smith County Appraisal District Website lists the Red Little Properties, LTD as the owner of the property. According to John Clary with the LEDC, the property was purchased from Red Little Properties, LTD in May, 2007. A copy of the appraisal district information is included in Appendix 2.

3.2 Environmental Liens or Activity and Use Limitations

The user was not aware of any environmental cleanup liens against the property that are filed or recorded under federal, tribal, state or local law. The user of this ESA did not know of: (1) any pending, threatened, or past litigation relevant to hazardous substances or petroleum products in, on, or from the property; (2) any pending, threatened, or past administrative proceedings relevant to hazardous substances or petroleum products in, on or from the property; or (3) any notices from any governmental entity regarding any possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products.

The user was not aware of any activity and use limitations such as engineering controls, land use restrictions or institutional controls that are in place at the site and/or have been filed or recorded in a registry under federal, tribal, state or local law. Environmental lien search records were not provided to the environmental professional for review. This lack of information is considered to be a data gap. Since the historical use of the property has been undeveloped and agriculture, this data gap is not considered to be significant.

3.3 Specialized Knowledge

The user of this ESA did not have any specialized knowledge or experience related to the property or nearby properties.

3.4 Commonly Known or Reasonably Ascertainable Information

The user was not aware of any environmental cleanup liens against the property that are filed or recorded under federal, tribal, state or local law. The user of this ESA did not know of: (1) any pending, threatened, or past litigation relevant to hazardous substances or petroleum products in, on, or from the property; (2) any pending, threatened, or past administrative proceedings relevant to hazardous substances or petroleum products in, on or from the property; or (3) any notices from any governmental entity regarding any possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products.

The user was not aware of any activity and use limitations such as engineering controls, land use restrictions or institutional controls that are in place at the site and/or have been filed or recorded in a registry under federal, tribal, state or local law.

3.3 Specialized Knowledge

The user of this ESA did not have any specialized knowledge or experience related to the property or nearby properties.

3.4 Commonly Known or Reasonably Ascertainable Information

The user is not aware of commonly known or reasonably ascertainable information about the property that would help the environmental professional to identify conditions indicative of releases or threatened releases. The user did not know of specific chemicals that are present or once were present at the property. The user did not know of spills or other chemical releases that have taken place at the property. The user did not know of any environmental cleanups that have taken place at the property.

Based on the user's knowledge and experience related to the property, there are no obvious indicators that point to the presence or likely presence of contamination at the property. The user was not aware of any roads or paths on the property likely to have been used as an avenue for disposal of hazardous substances or petroleum products. The user was familiar with the current use(s) of the property and indicated the current use as ranch land. In the user's opinion, there are not any current uses likely to involve the use, treatment, storage, disposal, or generation of hazardous substances or petroleum products.

The user is familiar with the past use(s) of the property and indicated the past use as ranch land. The user does not know if any past uses are likely to have involved the use, treatment, storage, disposal, or generation of hazardous substances or petroleum products. The user is not familiar with the current use(s) of the adjoining properties, and does not know if any adjoining uses are likely to indicate recognized environmental conditions in connection with the adjoining properties or the property. The user is not familiar with the past use(s) of the adjoining properties, and does not know if any past adjoining uses are likely to indicate recognized environmental conditions in connection with the adjoining properties or the property. The user is not familiar with the current or past use(s) of properties surrounding the property, and does not know if any current or past uses of surrounding properties are likely to indicate recognized environmental conditions in connection with the property.

The user does not know of any information that shows there are likely to be hazardous substances or petroleum products on the property or on nearby properties and those hazardous substances or petroleum products are of a type that may migrate.

The user is not familiar with the potable water supply that serves the property. The user is not familiar with the sewage disposal system that serves the property, and the user is not familiar with the age of the system. The user is not aware of any septic systems or cesspools on the property. The user is not aware of any above ground storage tanks, underground storage tanks or vent pipes, fill pipes or access ways indicating underground storage tanks.

The user is not aware of any drums or containers as small as five gallons on the property. The user is not aware of the presence and source of any strong, pungent, or noxious odors on the property. The user is not aware of the presence of any pools of liquid including standing surface water, pools or sumps containing liquids likely to be hazardous substances or petroleum products. The user is not aware of any pits, ponds, or lagoons on the property or adjoining properties in connection with waste disposal or waste treatment.

The user is not aware of any electrical or hydraulic equipment known to contain PCBs or likely to contain PCBs. The user is not aware of any stained soil or pavement on the property. The user is not aware of any stressed vegetation on the property. The user is not aware of any areas that are apparently filled or graded by non-natural causes (or filled by fill of unknown origin) suggesting trash construction debris, demolition debris, or other solid waste disposal, or mounds or depressions suggesting trash or other solid waste

disposal. The user is not aware of any waste water or other liquid (including storm water) or any discharge into a drain, ditch, underground injection system, or stream on or adjacent to the property. The user is not aware of any wells (including dry wells, irrigation wells, injection wells, abandoned wells, or other wells) on the property.

3.5 Valuation Reduction for Environmental Issues

The property is not currently involved in a purchase transaction. The user requested this ESA to identify environmental risks including environmental business risks.

3.6 Owner, Property Manager, and Occupant Information

The name and contact information for any current or past owners, operators or occupants of the subject property was provided to the environmental professional by the user. The user indicated Red Little was the former owner of the property.

3.7 Reason for Performing Phase I

Adams Engineering was retained by the LEDC to conduct this Phase I Environmental Site Assessment (ESA) of the aforementioned property, to identify environmental risks including environmental business risks.

3.8 Other

No other information was provided by the user.

4.0 RECORDS REVIEW

4.1 Standard Environmental Record Sources

Information from standard federal and state environmental record sources was provided through Environmental Data Resources, Inc. The purpose of the records review is to obtain and review records that will help identify recognized environmental conditions in connection with the property. This information is presented in Appendix III of this report. The database reports lists sites according to the regulatory program in which they are involved. There is also a listing of sites for which no accurate site location was available (the "orphan" list). The environmental professional has also reviewed this list of sites to determine if any sites are located near the property, and if any environmental conditions are recognized from the evaluation. If found to be near the property, these sites are discussed in the following sections. Based on information other than the database report, the environmental professional does not have any actual knowledge of information that has helped us identify obvious mistakes or insufficiencies in the database information.

All database search radii have been increased by 0.5 miles in an effort to help identify recognized environmental conditions in connection with the property. The search distances discussed in the following sections reflect the distances required by ASTM E 1527; however, all databases have been evaluated at a distance ½ mile greater than those listed below. If properties within these additional search distances were determined to present evidence of recognized environmental conditions, then they are discussed in the corresponding section. A comprehensive discussion of all listed properties located within the additional ½ mile search interval is not provided due to the large volume of data. Locations of identified sites are shown on the EDR maps found in Appendix III. All unidentified (unmapped) sites have been verified to the extent possible via a telephone directory search and/or a site verification visit.

FEDERAL NATIONAL PRIORITY SITE LIST The National Priority List (NPL), or Federal Superfund as it is commonly known, is composed of the nation's most hazardous sites which require remediation. This list is created from the CERCLIS database and lists sites nationwide. After a facility has been identified as a CERCLIS site, the EPA conducts an assessment of the site. The degree of contamination found determines whether the site is placed on the NPL or is referred to the state for further action under state programs. No NPL listed sites were found within a one-mile radius of the property.

FEDERAL DELISTED NPL SITE LIST The National Oil and Hazardous Substances Pollution Contingency Plan (NCP) establishes the criteria that the EPA uses to delete sites from the NPL. In accordance with 40 CFR 300.425 (e), sites may be deleted from the NPL where no further response is appropriate. No delisted NPL listed sites were found within a one-half mile radius of the property.

FEDERAL CERCLIS LIST The Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) is a compilation of records regarding those facilities which the EPA has identified as having actual or suspected uncontrolled releases of hazardous substances, contaminants, or pollutants as reported by states, municipalities, private companies, and private citizens. Each incident undergoes a series of events that determine the severity of the contamination from discovery and preliminary assessment to site inspection and possibly the hazard ranking system which will determine whether or not the site will be considered for inclusion on the NPL (National Priorities List). No CERCLIS Facilities are listed within a 0.5-mile radius of the property.

FEDERAL CERCLIS NFRAP SITE LIST As of February 1995, CERCLIS sites designated "No Further Remedial Action Planned" (NFRAP) have been removed from CERCLIS. NFRAP sites may be sites where, following an initial investigation, no contamination was found, contamination was removed quickly without the need for the site to be placed on the NPL, or the contamination was not serious enough to require Federal Superfund action or NPL consideration. EPA has removed approximately 25,000 NFRAP sites to lift the unintended barriers to the redevelopment of these properties and has archived them as historical

records so EPA does not needlessly repeat the investigations in the future. This policy change is part of the EPA's Brownfields Redevelopment Program to help cities, states, private investors and affected citizens to promote economic redevelopment of unproductive urban sites. No CERCLIS NFRAP Facilities are listed within a one-half mile radius of the property.

FEDERAL RCRA CORRACTS Facilities List CORRACTS identifies hazardous waste handlers with RCRA corrective action activity. No RCRA CORRACTS facilities were located within one mile of the site.

FEDERAL RCRA NON-CORRACTS TSD FACILITIES LIST The Resource Conservation Recovery Information System (RCRIS) is a nationwide database created to maintain and regulate facilities that handle hazardous waste. No RCRIS Treatment/Storage/Disposal facilities were located within 1.0 miles of the site.

RCRAInfo FACILITIES RCRAInfo is EPA's comprehensive information system, providing access to data supporting the Resource Conservation and Recovery Act (RCRA) of 1976 and the Hazardous and Solid Waste Amendments (HSWA) of 1984. RCRAInfo replaces the data recording and reporting abilities of the Resource Conservation and Recovery Information System (RCRIS). The database includes selective information on sites which generate, transport, store, treat and/or dispose of hazardous waste as defined by the Resource Conservation and Recovery Act (RCRA). Conditionally exempt small quantity generators (CESQGs) generate less than 100 kg of hazardous waste, or less than 1 kg of acutely hazardous waste per month. Small quantity generators (SQGs) generate between 100 kg and 1,000 kg of hazardous waste per month. Large quantity generators (LQGs) generate over 1,000 kilograms (kg) of hazardous waste, or over 1 kg of acutely hazardous waste per month. Transporters are individuals or entities that move hazardous waste from the generator off-site to a facility that can recycle, treat, store, or dispose of the waste (TSD facilities). TSD facilities treat, store, or dispose of the waste. No RCRIS TSD facilities were located within one-half of a mile from the site. No Large Quantity Generators (LQG) were located on the property or adjoining properties. One Small Quantity Generator (SQG) is located approximately 900 feet east of the property. The Target Distribution Center facility is listed as a SQG with no violations indicated.

FEDERAL INSTITUTIONAL CONTROL / ENGINEERING CONTROL REGISTRIES The Engineering Controls Sites List is a listing of sites with engineering controls in place. Engineering controls include various forms of caps, building foundations, liners, and treatment methods to create pathway elimination for regulated substances to enter environmental media or effect human health. The listing of Sites with Institutional Control includes a listing of sites with institutional controls in place. Institutional controls include administrative measures, such as groundwater use restrictions, construction restrictions, property use restrictions, and post remediation care requirements intended to prevent exposure to contaminants remaining on site. Deed restrictions are generally required as part of the institutional controls. The property is not included on the Federal Institutional and Engineering Control Registry.

FEDERAL ERNS LIST The Emergency Response Notification System (ERNS) list contains spill records and stores information of reported releases of oil and hazardous substances. This database derives information from spill reports made to federal authorities to include the EPA, the Coast Guard, the National Response Center, and the Department of Transportation. The property is not listed on the ERNS list.

STATE NPL AND CERCLIS EQUIVALENT SITES The State Superfund Registry includes a listing of State Hazardous Waste Sites. State hazardous waste site records are the states' equivalent to CERCLIS. These sites may or may not already be listed on the federal CERCLIS list. Priority sites planned for cleanup using state funds (state equivalent of Superfund) are identified along with sites where cleanup will be paid for by potentially responsible parties. Available information varies by state. The Texas Commission on Environmental Quality (TCEQ) provides the data included in the State Superfund Registry for the State of Texas. No Texas-equivalents of the NPL are listed within one-half mile of the property. No Texas-equivalents of CERCLIS sites are listed within one mile of the property.

LANDFILL AND/OR SOLID WASTE DISPOSAL SITES Data for permitted Solid Waste Facilities is provided by the TCEQ. Solid Waste Facilities/Landfill Sites (SWF/LF) records typically contain an inventory of solid waste disposal facilities or landfills in a particular state. Depending on the state, these may be active or inactive facilities or open dumps that failed to meet RCRA Subtitle D Section 4004 criteria for solid waste landfills or disposal sites. The TCEQ also provides a Closed Landfill Inventory which includes closed and abandoned landfills (permitted as well as unauthorized) across the state of Texas. No landfills or solid waste disposal sites are listed within one-half mile of the property.

LEAKING PETROLEUM STORAGE TANKS Leaking Petroleum Storage Tanks (LPST) information is provided by the TCEQ. Cleanups of contamination caused by spills, leaks, or other releases of petroleum substances or hazardous substances from regulated underground and aboveground storage tanks. There were no LPST facilities listed within one-half mile of the property.

REGISTERED STORAGE TANKS Registered Storage Tanks information is provided by the TCEQ. Underground UST's are regulated under Subtitle I of the Resource Conservation and Recovery Act (RCRA) and must be registered with the state department responsible for administering the UST program. The TCEQ provides a database of USTs as well as Above-Ground Storage Tanks (ASTs). No USTs or ASTs were identified on the property or on adjoining properties.

STATE INSTITUTIONAL CONTROL / ENGINEERING CONTROL REGISTRIES The Engineering Controls Sites List is a listing of sites with engineering controls in place. Engineering controls include various forms of caps, building foundations, liners, and treatment methods to create pathway elimination for regulated substances to enter environmental media or effect human health. The listing of Sites with Institutional Control includes a listing of sites with institutional controls in place. Institutional controls include administrative measures, such as groundwater use restrictions, construction restrictions, property use restrictions, and post remediation care requirements intended to prevent exposure to contaminants remaining on site. Deed restrictions are generally required as part of the institutional controls. The TCEQ provides a listing of Activity and Use Limitations (AUL), which includes both engineering and institutional controls. The property is not included on the TCEQ AUL Registry.

STATE VOLUNTARY CLEANUP PROGRAM SITES The Texas Voluntary Cleanup Program (VCP) was established to provide administrative, technical, and legal incentives to encourage the cleanup of contaminated sites in Texas. State VCP sites are designated by the TCEQ. No State VCP sites were found within one-half mile of the property.

4.2 Additional Record Sources

The environmental professional has contacted the following agencies to determine if additional records are reasonably ascertainable, sufficiently useful, accurate, complete, and are generally obtained, pursuant to local good commercial or customary practice for the type of transaction involved: Fire Department, Planning Department, Permit/Inspection Department, and the Water Department. Records of the request(s) for information are included in Appendix IV.

The agency (or agencies) listed above were questioned regarding the availability of the following records: Local Brownfield Lists, Local Lists of Landfill/Solid Waste Disposal Sites, Local Lists of Hazardous waste/Contaminated Sites, Local Lists of Registered Storage Tanks, Local Land Records (for activity and use limitations), Records of Emergency Release Reports (42 U.S.C. 11004), and/or Records of Contaminated public wells. However, none of these records were reviewed since it was determined that additional records were not reasonably ascertainable.

4.3 Physical Setting Sources

The Mt. Sylvan, Texas topographic map was obtained from the United States Geological Survey (USGS) and reviewed for this ESA. According to the contour lines on the topographic map, the subject property is located approximately 475 feet above Mean Sea Level. The contour lines in the area of the property indicate that the site is gently sloping and drains towards the south, where it eventually drains to Long Brake Creek. A copy of the topographic map showing the site is found in Appendix I.

In accordance with the ASTM E 1527-05 standard, the USGS Topographic Map is the only standard physical setting source required for use in this ESA. Additional discretionary physical setting sources are only required to be reviewed when conditions have been identified in which hazardous substances or petroleum products are likely to migrate to the property or from the property into the ground water or soil. Although such conditions have not been identified, the environmental professional has elected to review the following discretionary physical setting sources in order to better characterize the local soils and geology:

According to the Geological Atlas of Texas, Tyler Sheet, the subject site lies in a region described as the Sparta Sand formation. The Sparta Sand formation is characterized as consisting of quartz sand, fine to medium grained, light gray to brownish gray, slightly cohesive from silt and clay matrix, massive, locally cross-bedded, interbeds of sandy clay more abundant upward, locally carbonaceous; weathers various shades of light gray, at base hard, brown, ferruginous sandstone; lower part approximately 170 feet thick, upper part absent.

According to the publication Report 345: Major and Minor Aquifers of Texas, the property is situated above the Carizzo-Wilcox Aquifer. This formation yields fresh to slightly saline water. Hydrogen sulfide and methane may occur locally. Excessively corrosive water with a high iron content is common throughout much of the north-eastern part of the aquifer. Aquifer thickness in the downdip artesian portion ranges from less than 200 feet to more than 3,000 feet. The property is also situated above the outcrop of the Queen City Aquifer. The aquifer provides water for domestic and livestock purposes throughout most of its extent. Sand, loosely cemented sandstone, and interbedded clay units of the Queen City Formation of the Tertiary Claiborne Group make up the aquifer. Water of excellent quality is generally found within the outcrop.

According to the United States Department of Agriculture Soil Survey of Smith County, Texas,: Cuthbert fine sandy loam, 5-20 percent slopes soils, Wolfpen loamy fine sand, 1-6 percent slopes soils, and Wolfpen loamy fine sand, 8-15 percent slopes soils are present on the property. Wolfpen loamy fine sand, 1-6 percent slopes soils are gently sloping on broad interstream divides in uplands. Typically, the surface layer is very friable, slightly acid, dark brown loamy fine sand about 7 inches thick. The subsurface layer, from a depth of 7 to 27 inches is very friable, slightly acid, yellowish brown loamy fine sand. The soil is well drained and surface runoff is slow. Permeability and available water capacity are moderate and the erosion hazard is slight. Wolfpen loamy fine sand, 1-6 percent slopes soils are not listed on the national hydric soil list. Wolfpen loamy fine sand, 8-15 percent slopes soils are sloping to moderately steep soil on side slopes above drainageways. Typically, the surface layer is very friable, strongly acid, brown loamy fine sand about 11 inches thick. The subsurface layer, from a depth of 11 to 31 inches is very friable, slightly acid, light yellowish brown loamy fine sand. This soil is well drained and surface runoff is slow. Permeability and available water capacity are moderate. The hazard of erosion is moderate or severe. Wolfpen loamy fine sand, 8-15 percent slopes soils are not listed on the national hydric soil list. A portion of the property is mapped within the Cuthbert fine sandy loam soil series, which is described as a strongly sloping to steep soil on uplands, well drained, runoff is rapid, and permeability is moderately slow. The Cuthbert fine sandy loam soil is not listed on the national hydric soils list.

4.4 Historical Use Information on the Property and Adjoining Properties

Past use(s) of the property was observed to the extent that indications of past uses of the property were visually and/or physically observed during the site visit. The property appears to have been used for agricultural purposes. To obtain information regarding the past uses of property and immediately adjacent properties, available historical data was also researched. The following aerial photographs dated 1958, 1965, 1987, 1995 and 2004 were reviewed for this ESA. These aerial photographs were supplied by a vendor. The environmental professional requested copies of all available aerial photographs, and the vendor provided coverage for the years listed above. A color copy of each of these photographs is included in Appendix I. No indications of past industrial uses of the site were identified. These aerial photographs indicate the following:

Date: 1958
Scale: 1" = 1000'
The property is shown as a mixture of agricultural and undeveloped land. Terracing to prevent soil erosion can be seen running through the property. Harvey Road and a pond are visible east of the property. An unnamed roadway can be seen on the northwestern property boundary. The majority of the surrounding areas are a mixture of undeveloped and/or agricultural land.

Date: 1965
Scale: 1" = 1000'
The property appears to be relatively unchanged from the 1958 aerial photograph. The surrounding area is also unchanged with the exception of the construction of Interstate 20, which can be seen north of the property.

Date: 1987
Scale: 1" = 1000'
The property appears to be relatively unchanged from the 1965 aerial photograph and is shown as a mixture of agricultural and undeveloped land. The road once present on the northwestern property boundary is no longer visible.

Date: 1995
Scale: 1" = 1000'
There are few apparent changes at the subject site in this map as compared to the 1987 map. There has been residential development to the east of the subject site.

Date: 2004
Scale: 1" = 1000'
The property is shown as a mixture of agricultural and undeveloped land. A road can be seen entering the property from the southeast corner and leading to the tin sheds on the property. The surrounding area is also unchanged with the exception of the construction of the Target Distribution Center, which can be seen east of the property.

Chain of Title

No chain of title was provided by the user for use in this ESA.

Past City Directories

Past city directories for the City of Lindale were evaluated in the (Library) and were found to give no indication of past development at the property.

Historical Topographic Maps

Historical topographic maps were obtained from the United States Geological Survey (USGS) and reviewed

for this ESA. According to the contour lines on the topographic maps, the property is located approximately 462 feet above Mean Sea Level. Copies of the historical topographic maps showing the site are found in Appendix I. The historical topographic maps indicate the following:

Quadrangle: Mount Sylvan, TX
Date: 1966
This map depicts the property as cleared land with variable topography. Two roadways (Harvey Road and Interstate 20) are visible east and north of the property. A large pond is visible east of the property. Long Brake Creek can be seen east of the property flowing north to south.

Quadrangle: Mount Sylvan, TX
Date: 1973
This map is relatively unchanged from the 1966 map.

Sanborn Fire Insurance Maps
Sanborn Fire Insurance Maps, which indicate historical information pertaining to previous site occupancy, were not available for the property.

Summary of Previous Land Uses
Data failure was encountered since the year 1958 was the extent of historical inquiry for this Phase I ESA, and since no reasonably ascertainable historic sources were available for review at five year intervals during periods of property use change. The ASTM Standard specifies a historic inquiry back to 1940, or back to the first developed use, whichever is earlier; however, data failure was encountered since no historical sources were reasonably ascertainable prior to 1958. Since the property appears to have been agricultural in 1958, the data gap caused by the data failure is not considered to be significant.

General types of use were identified in some (if not all) cases, which is considered acceptable since it was not obvious from the source(s) consulted that the use may be more specifically identified. No uses included industrial or manufacturing. The following historic property uses were identified:

1958-Present: Agricultural use

The uses of properties in the surrounding area have been identified, and are described herein to the extent that this information was revealed in the course of researching the property itself. Since the environmental professional reviewed sources that include the surrounding area, surrounding uses have been identified to a distance determined at the discretion of the environmental professional. Factors considered in making this determination included, but were not limited to: the extent to which information was reasonably ascertainable; the time and cost involved in reviewing surrounding uses; the extent to which information was useful, accurate, and complete in light of the purpose of the records review; the likelihood of the information being significant to recognized environmental conditions in connection with the property; the extent to which potential concerns were obvious; known hydrogeologic/geologic conditions that may have indicated a high probability of hazardous substances or petroleum products migration to the property; how recently local development has taken place; information obtained from interviews and other sources; and local good commercial or customary practice. The following observations were made regarding the historic use of surrounding properties:

North: General historic land uses are undeveloped, residential, agricultural, and Interstate 20.

South: General historic land uses are undeveloped and agricultural.

East: General historic land uses are undeveloped, residential, agricultural, and industrial.

West: General historic land uses are undeveloped, residential, and agricultural.

5.0 SITE RECONNAISSANCE

5.1 Methodology and Limitations

Dustin Bird and Shawn Coughlin, of Adams Engineering (the environmental professional), conducted a site reconnaissance of the property and surrounding areas around the property for indications of possible environmental concerns on December 11, 2007. No properties were observed in the vicinity of the property that would likely pose a risk of adverse environmental impacts. The property, periphery, or exterior of the property, and the periphery of any structures located on the property were visually and/or physically observed from all adjacent public thoroughfares. Nothing was observed from the thoroughfares that was not observable when walking the property. Site photographs are included in Appendix I.

The environmental professional who performed the Phase I Environmental Site Assessment was obligated to identify uses and conditions only to the extent that they may be visually and/or physically observed on a site visit, or to the extent that they are identified by the interviews or record review. The method used for the site reconnaissance generally included a systematic approach and included the observance of the interior and around the exterior of the property to provide an overlapping field of view. Specifically, the site was observed by walking around the entire perimeter of the property and then walking an interior north-south transects to achieve an overlap in the field of view. Where important features were noted, photographs were taken to document the features observed during the reconnaissance, and such features are described in the following paragraphs. Site photographs are included in Appendix I.

In performing the site reconnaissance, there were few general limitations. Low vegetation allowed for a complete overlap, except the low vegetation did block the view of the ground at some distance from the vantage point. There were no limitations imposed by physical obstructions such as adjacent buildings, bodies of water, asphalt, or other paved areas. The weather was not limiting and the environmental professional generally had access to all areas of the property.

5.2 General Site Setting

The topographic conditions of the property were visually and/or physically observed as well as the general topography of the area surrounding the property. The topographic conditions were generally observed to be gently sloping. No information obtained shows there are likely to be hazardous substances or petroleum products on the property or on nearby properties of a type that may migrate to the property, or within or from the property, into ground water or soil.

The structures or other improvements on the property were comprised of one shed constructed of tin and located near the southeast corner of the property; adjacent to Harvey Road. The structure has a wooden frame with dirt floors. The roof and exterior walls are made of tin. Public thoroughfares adjoining the property included Harvey Road. No roads, streets, or parking facilities were observed on the property. The source of potable water and sewage disposal system for the property was not determined.

No present uses were identified that use, treat, store, dispose of, or generate hazardous substances and petroleum products on the property. No past uses were identified that used, treated, stored, disposed of, or generated hazardous substances and petroleum products on the property.

Above ground storage tanks, or underground storage tanks or vent pipes, fill pipes or access ways indicating underground storage tanks were not identified on the property. Strong, pungent, or noxious odors were not observed during the site visit. One small pond is located near the southwest corner of the property. No pools or sumps containing liquids likely to be hazardous substances or petroleum products were visually and/or physically observed during the site visit. No drums were visually and/or physically observed. Two empty five gallon hydraulic fluid containers were observed near the pond.

No stains or corrosion on soil, pavement, floors, walls, or ceilings were visually and/or physically observed. No drains or sumps were visually and/or physically observed. To the extent visually and/or physically observed, no pits, ponds, or lagoons were identified on the property in connection with waste disposal or waste treatment.

To the extent visually and/or physically observed, no areas of stressed vegetation (from something other than insufficient water) were observed. Areas apparently filled or graded by non-natural causes (or filled by fill of unknown origin) suggesting trash construction debris, demolition debris, or other solid waste disposal, or mounds or depressions suggesting trash or other solid waste disposal were visually and/or physically observed. Small areas of trash consisting of wood debris and auto seats were observed on the southeastern portion of the property.

Waste water or other liquid (including storm water) or any discharge into a drain, ditch, underground injection system, or stream on or adjacent to the property was visually and/or physically observed. Water was being pumped from an adjacent property to the southwestern corner of the subject property. Mr. John Clary stated that the adjacent property is being used by the City of Lindale for the construction of a wastewater lift station and is pumping fresh water out of a deep well in preparation to run sewer lines. No wells (including dry wells, irrigation wells, injection wells, abandoned wells, or other wells) were visually and/or physically observed. No indications of on-site septic systems or cesspools were visually and/or physically observed.

Polychlorinated biphenyls (PCBs) are toxic coolants or lubricating oils used in some electrical transformers, electrical panels, hydraulic systems, heat systems, heat transfer systems, battery chargers or similar equipment. PCB-containing equipment was visually and/or physically observed on the property line. One pole-mounted transformer was identified on the southeastern property boundary. The transformer appeared new and no leaks were observed.

5.3 Exterior Observations

The periphery, or exterior, of the property has been visually and/or physically observed, and the property was observed from all adjacent public thoroughfares. Roads leading to the shed and various parts of the land were observed on the property, the use of the paths was determined to have not been used as an avenue for disposal of hazardous substances or petroleum products. One small pond is located near the southwest corner of the property. The exterior of the shed was constructed of tin, and nothing significant was observed. There was no staining, vent lines or other evidence of recognized environmental conditions on the building exterior.

5.4 Interior Observations

On the interior of the structures on the property, accessible common areas expected to be used by occupants or the public (such as lobbies, hallways, utility rooms, recreation areas, etc.), maintenance and repair areas, including boiler rooms, and a representative sample of occupant spaces, were visually and/or physically observed. It was not necessary to look under floors, above ceilings, or behind walls. The shed was inspected as well as pens and storage areas. No important features were observed in these areas and nothing was observed that indicated a recognized environmental condition.

6.0 INTERVIEWS

In order to gather additional information regarding past events at or immediately adjacent to the site, Adams Engineering interviewed individuals in accordance with the requirements of ASTM E 1527-05. Records of these communications are included in Appendix IV.

6.1 Interview With Owner

The current owner of the property is the Lindale Economic Development Corporation (LEDC). LEDC is also the current owner of the property; therefore, the owner questionnaire was used to answer both the user and owner sections of the ESA. Interviews with past and present owners or operators of the property consisted of questions asked in the manner and of persons as described in this section. The content of questions asked attempted to obtain information about uses and conditions as described below. The person(s) interviewed were asked to be as specific as reasonably feasible in answering questions. The person(s) interviewed were asked to answer in good faith and to the extent of their knowledge.

The name and contact information for any past owners, operators or occupants of the subject property was provided to the environmental professional. The owner indicated Red Little was the former owner of the property. The current owner identified themselves as the key site manager. The owner has provided all helpful documents to the environmental professional that could be provided within reasonable time and cost constraints. A full copy of the questionnaire utilized to obtain the owner-provided information is included in Appendix IV.

The owner was not aware of any environmental cleanup liens against the property that are filed or recorded under federal, tribal, state or local law. The owner did not know of: (1) any pending, threatened, or past litigation relevant to hazardous substances or petroleum products in, on, or from the property; (2) any pending, threatened, or past administrative proceedings relevant to hazardous substances or petroleum products in, on or from the property; or (3) any notices from any governmental entity regarding any possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products.

The owner was not aware of any activity and use limitations such as engineering controls, land use restrictions or institutional controls that are in place at the site and/or have been filed or recorded in a registry under federal, tribal, state or local law. The owner did not have any specialized knowledge or experience related to the property or nearby properties.

The owner is not aware of commonly known or reasonably ascertainable information about the property that would help the environmental professional to identify conditions indicative of releases or threatened releases. The owner did not know of specific chemicals that are present or once were present at the property. The owner did not know of spills or other chemical releases that have taken place at the property. The owner did not know of any environmental cleanups that have taken place at the property.

Based on the owner's knowledge and experience related to the property, there are no obvious indicators that point to the presence or likely presence of contamination at the property. The owner is not aware of any roads or paths on the property likely to have been used as an avenue for disposal of hazardous substances or petroleum products. The owner is familiar with the current use(s) of the property. According to the owner, the property is currently used for ranch land. In the owner's opinion, there are not any current uses likely to involve the use, treatment, storage, disposal, or generation of hazardous substances or petroleum products.

The owner is familiar with the past use(s) of the property. According to the owner, the past uses of the property have included ranch land. The owner does not know if any past uses are likely to have involved the use, treatment, storage, disposal, or generation of hazardous substances or petroleum products. The owner is not familiar with the current use(s) of the adjoining properties, and does not know if any adjoining

uses are likely to indicate recognized environmental conditions in connection with the adjoining properties or the property. The owner is not familiar with the past use(s) of the adjoining properties, and does not know if any past adjoining uses are likely to indicate recognized environmental conditions in connection with the adjoining properties or the property. The owner is not familiar with the current or past use(s) of properties surrounding the property, and does not know if any current or past uses of surrounding properties are likely to indicate recognized environmental conditions in connection with the property.

The owner does not know of any information that shows there are likely to be hazardous substances or petroleum products on the property or on nearby properties and those hazardous substances or petroleum products are of a type that may migrate.

The owner is familiar with the potable water supply that serves the property. The owner indicated that the Lindale Rural Water Supply Corp. supplies water to the property. The owner is familiar with the sewage disposal system that serves the property, and indicated that there is not one on the property. The owner is not aware of any septic systems or cesspools on the property. The owner is not aware of any above ground storage tanks, underground storage tanks or vent pipes, fill pipes or access ways indicating underground storage tanks.

The owner is not aware of any drums or containers as small as five gallons on the property. The owner is not aware of the presence and source of any strong, pungent, or noxious odors on the property. The owner is not aware of the presence of any pools of liquid including standing surface water, pools or sumps containing liquids likely to be hazardous substances or petroleum products. The owner is not aware of any pits, ponds, or lagoons on the property or adjoining properties in connection with waste disposal or waste treatment.

The owner is not aware of any electrical or hydraulic equipment known to contain PCBs or likely to contain PCBs. The owner is not aware of any stained soil or pavement on the property. The owner is not aware of any stressed vegetation on the property. The owner is not aware of any areas that are apparently filled or graded by non-natural causes (or filled by fill of unknown origin) suggesting trash construction debris, demolition debris, or other solid waste disposal, or mounds or depressions suggesting trash or other solid waste disposal. The owner is not aware of any waste water or other liquid (including storm water) or any discharge into a drain, ditch, underground injection system, or stream on or adjacent to the property. The owner is not aware of any wells (including dry wells, irrigation wells, injection wells, abandoned wells, or other wells) on the property.

6.2 Interview With Site Manager

Prior to the site visit, the owner was asked to identify a person with good knowledge of the uses and physical characteristics of the property (the key site manager). The owner identified the key site manager as themselves. Therefore, no key site manager interview was conducted since information likely to be obtained would be duplicative of information already obtained from other sources.

6.3 Interview With Occupants

Interviews with past occupants of the property who are likely to have material information regarding the potential for contamination at the property were not conducted since none have been identified and since that the information would likely be duplicative of information already obtained from other sources.

6.4 Interview With Local Government Officials

Interviews with state and/or local government officials generally consist of questions asked in the manner and of persons as described in this section. When interviewing government officials, the content of

questions asked was decided at the discretion of the environmental professional(s) conducting the Phase I Environmental Site Assessment and was generally directed towards identifying recognized environmental conditions in connection with the property. The Fire Department, Planning Department, Permit/Inspection Department, and the Water Department were contacted and asked about the availability of useful records. No response was received from these departments.

6.5 Interview With Others

An owner questionnaire was sent to Mr. Red Little, who formerly owned the property. Mr. Little stated that he used the property for cattle and goat grazing. Mr. Little was not aware of any environmental concerns associated with the property.

7.0 ADDITIONAL SERVICES

Wetlands delineation, Radon testing, asbestos evaluation, and lead in drinking water or paint evaluations were not performed during this assessment by Adams Engineering because these are outside the scope of the ASTM Practice E 1527-05. A wetland delineation is being performed, but the results will be published under separate cover. No additional evaluation of other business environmental risks was requested by the user.

8.0 FINDINGS

Adams Engineering has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527 of a 105-acre tract of land located southwest of Interstate 20 and Harvey Road in Lindale, Smith County, Texas, the *property*. Any exceptions to, or deletions from, this practice are described in Section 1.4 of this report. The following data gap was identified:

1. A data gap was encountered when performing the historical use inquiry.

9.0 OPINION

1) Data failure was encountered since the year 1958 was the extent of historical inquiry for this Phase I ESA. The ASTM Standard specifies a historic inquiry back to 1940, or back to the first developed use, whichever is earlier; however, data failure was encountered since no historical sources were reasonably ascertainable prior to 1958. Since the property appears to have been agricultural in 1958, the data gap caused by the data failure is not considered to be significant.

10.0 CONCLUSIONS

Adams Engineering has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527 of a 105 acre tract of land located southwest of Interstate 20 and Harvey Road in Lindale, Smith County, Texas, the *property*. Any exceptions to, or deletions from, this practice are described in Section 1.4 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the property.

11.0 DEVIATIONS

Adams Engineering has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-05. There were no obvious deviations from the ASTM Practice E 1527-05.

12.0 REFERENCES

Bureau Of Economic Geology-The University Of Texas At Austin. Geological Atlas Of Texas – Tyler Sheet.

Environmental Protection Agency. Total Maximum Daily Load (TMDL). List of 303 Impaired Waterways. Webpage: http://www.epa.gov/owow/tmdl/

National Register Of Historic Places. "Reference Desk." Http://Www.Cr.Nps.Gov/Nr/

Railroad Commission of Texas. Public Map Viewer for Oil, Gas and Pipeline Data. Webpage: http://www.rrc.state.tx.us/gis/index.html

Texas Historical Commission. *Texas Historic Sites Atlas.* Webpage: http://Atlas.Thc.State.Tx.Us/Atlas/Atlas_Search_Frame.Html

Texas Water Development Board. *Groundwater Quality of Texas*

Texas Water Development Board. *Water Information Integration and Dissemination System.* Webpage: http://wiid.twdb.state.tx.us/

United States Soil Conservation Service. Soil Survey Of Smith County, Texas.

13.0 SIGNATURES OF ENVIRONMENTAL PROFESSIONALS

This Phase I Environmental Site Assessment has been prepared under the direction and supervision of the *environmental professionals*, undersigned below. The interviews and site reconnaissance, as well as review and interpretation of information upon which the report is based were all portions of the assessment performed by the undersigned. Other information has been provided to the *environmental professionals* by others including, but not limited to, third party vendors, governmental agencies, the user, present and past owners, and occupants of the property.

We declare that, to the best of our professional knowledge and belief, we meet the definition of *environmental professional* as defined in §312.10 of 40 CFR 312, and We have the specific qualifications based on education, training, and experience to assess a *property* of the nature, history, and setting of the subject *property*. We have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.

Dustin Bird, CAPM
Environmental Specialist

Jeremy W. Rowden, P.G.
Program Manager