

1. EXECUTIVE SUMMARY

This Phase I Environmental Site Assessment (ESA) report has been prepared using a format addressing *recognized environmental site conditions* which are generally of importance with respect to potential liability in all real estate transactions. The purpose of this Phase I ESA was to meet the Environmental Protection Agency (EPA) federal standards and practices for conducting all appropriate inquiries (AAI) as required by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) to qualify for certain landowner liability protections. On February 21, 2008, Talon/LPE conducted an inspection of the 0.1548 acres which is currently an unoccupied convenience store/gas station which is located at 2107/2109 Holly Street in Austin, Travis County, Texas. The site assessment was conducted on behalf of Gaston & Sheehan Auctioneers, Inc. In order to highlight information obtained during this specific assessment, an Executive Summary of the findings has been prepared and is presented below.

The subject property known as Mr. Mc's Grocery & Market, is located mainly in a residential area with mixed-use development such as recreational parks, schools, and an electric company and power plant. The property consists of a single story convenience store with a two pump gasoline fuel island. Adjoining properties are developed for commercial and residential use.

The following are the findings of the Phase I Environmental Site Assessment:

- § The surface gradient at the facility slopes south. Drainage runs south along the road and into the storm sewer. These storm sewers are labeled as draining directly to the creek.
- § Austin Energy, Texas Gas Service, the City of Austin, and Grande Communication provided utility services to the subject property.
- § Three (3) transformers are located on the southern property boundary. No staining was observed on the transformers or on the ground under the transformers. These transformers were observed to have a "No PCB's" label on them.
- § Areas of oil staining were noted on the asphalt in various locations around the property parking areas and near the fuel dispensing island.
- § The dumping of mattresses and household garbage was observed on the south side of the property.
- § One (1) large metal container used for spent restaurant grease is located on the south side of the property.
- § According to EDR, the subject property is identified as having underground storage tanks (UST). This is considered a potential *recognized environmental condition*.

- § According to Environmental Data Resources, Inc. (EDR), one (1) facility at a lower elevation was located within 1,304 feet from the subject property and identified as a Resource Conservation and Recovery Act (RCRA) hazardous waste generation site. The City of Austin Electric Holly Street Power Plant was identified in both the small quantity generator (SQG) and large quantity generator (LQG) databases. This facility, while listed as a SQG, had a general compliance violation, however, it achieved compliance within a month. Based on the topographic relationship, this RCRA facility is not considered a threat to the subject property.
- § According to EDR, one (1) facility at a higher elevation is located 2,046 feet from the subject property and identified as a US Brownfields site. No pertinent information about this Brownfield site was given.
- § According to EDR, three (3) facilities within ½-mile radius at higher elevations are located within 2,381 feet from the subject facility and identified as Leaking Underground Storage Tank (LUST) facilities. Based on regulatory status these LUST facilities are not considered a threat to the subject property.
- § According to EDR, one (1) facility at a lower elevation is located within 1,651 feet from the subject facility and identified as a Voluntary Cleanup Program Site (VCP). Based on the topographic relationship this VCP site is not considered a threat to the subject property.
- § According to EDR, the subject property lies less than ¼-mile from a 500-year floodplain and less than ½-mile from a 100-year floodplain. No data was available to determine if the subject property lies within a wetland area.
- § According to EDR, thirty (30) water wells lie within 1-mile of the subject property.
- § No pits, ponds, or lagoons were noted to be on-site during the visit.
- § No evidence of landfilling was observed on the property during the site inspection.

Talon/LPE has performed the Phase I ESA in conformance with the scope and limitations of ASTM Standard E 1527-05 for the subject property located at 2107/2109 Holly Street in Austin, Travis County, Texas. No exceptions to, or deletions from, this practice were knowingly or willfully made. *Recognized environmental conditions* as used by ASTM Standard 1527-93 are defined as 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, groundwater, or surface water on the property. This assessment has revealed one (1) potential *recognized environmental condition* in connection with this property.

This assessment has revealed the following potential *recognized environmental condition* in connection with the property:

- The presence of current UST's constitutes a potential material threat of a release of petroleum products.

2. INTRODUCTION

2.1 Purpose

The purpose of this Phase I ESA was to meet the Environmental Protection Agency (EPA) federal standards and practices for conducting all appropriate inquiries (AAI) as required by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) to qualify for certain landowner liability protections. The site assessment was conducted on the behalf of Gaston & Sheehan Auctioneers, Inc. on the property located at 2107/2109 Holly Street, Austin, Travis County, Texas. The property of interest is a commercial development and is described as follows: LOT 3 BLK K OLT 61 DIV O DRIVING PARK ADDN.

Activities conducted during the assessment included but were not limited to: a review of historical data including maps and aerial photographs; a review of current regulatory databases; a visual inspection of the subject property as well as adjoining properties; and personal and telephone interviews with various regulatory agency personnel and persons associated with the property of interest.

The Phase I ESA of the subject property was comprised of four components including:

- a. Records Review
- b. Site Reconnaissance
- c. Interviews
- d. Summary Report

2.2 Work Scope and Conditions

The Phase I ESA was performed to identify *recognized environmental conditions* in accordance with the process described in the American Society for Testing and Materials (ASTM) E 1527-05 Standard Practice for Environmental Site Assessments. The scope of services included the following tasks:

TASK

1. Researched the history of the site including current and prior owners. This did not constitute a Title Search. Please note that the title company should be responsible for determination of any liens held against the property.
2. Visited the site to document the present surface conditions and physical characteristics such as buildings, drains, tanks, oil and gas wells, electrical transformers, visible spills, and the general appearance of the property.
3. Per ASTM 1527, the following record sources were reviewed:
 - X Federal National Priority List (NPL), facilities within approximately 1 mile.
 - X Federal Delisted NPL site list within approximately ½ mile.

- X Federal CERCLIS list, facilities within approximately ½ mile.
- X Federal CERCLIS NFRAP list, facilities within approximately ½ mile.
- X Federal RCRA CORRACTS list, facilities within approximately 1 mile.
- X Federal RCRA non-CORRACTS TSD list, facilities within approximately ½ mile.
- X Federal RCRA Generators list for the property and adjoining properties.
- X Federal Institutional Control/Engineering Control registries for the property.
- X Federal ERNS list for the property only.
- X State and Tribal equivalent NPL, facilities within approximately 1 mile.
- X State and Tribal equivalent CERCLIS, facilities within approximately ½ mile.
- X State and Tribal Landfill and/or Solid Waste Disposal lists, sites within approximately ½ mile.
- X State and Tribal Leaking UST list, sites within a ½ mile radius of the subject property.
- X State and Tribal Registered UST list for the property and adjoining properties.
- X State and Tribal Institutional Control/Engineering Control registries for the property.
- X State and Tribal Voluntary Cleanup sites within ½ mile.
- X State and Tribal Brownfield sites within ½ mile.

4. Interviewed the current owners/operators or other available individuals to attempt to determine present/past operational practices that may have contributed to the present environmental condition of the site back to initial development or 1950 (whichever is earlier). This information may be limited due to the actual knowledge of current owners/operators regarding the history of the site.
5. Reviewed reasonably-ascertainable standard historical information sources such as historic aerial photographs and historical topographic maps to determine land use patterns, structures, existence of ponds, and areas of potentially-stressed vegetation from the present until a time that the property appears to be undeveloped or to 1950 (whichever is earlier). This research is sometimes limited due to a lack of reasonably-ascertainable standard historical sources; information may not be available for the entire period back to 1950 or earlier.

Phase I ESA's are generally recognized on an industry-wide basis as essentially qualitative rather than quantitative. Therefore, in an effort to standardize site activities, report preparation, and to conform to industry standard practices, terms used in this report, and conditions referred to, conform to the ASTM Standard Practice for Phase I ESA's. The user is referred to this standard for general definitions and standard work activities involving site assessments.

2.3 Limitations and Exceptions of Assessment

Pursuant to Section 13.1.5 of the ASTM Standard Practice, the following is a list of considerations outside the scope of a standard Phase I ESA that the user may want to assess in connection with commercial real estate transactions. No implication is intended as to the relative importance of inquiry into such non-scope considerations, and this list of non-scope conditions is not intended to be all-inclusive.

The following conditions were not addressed in the ESA and include:

1. Asbestos-Containing Building Materials (ACBM)
2. Radon
3. Lead Based Paint
4. Lead in Drinking Water
5. Wetlands
6. Regulatory compliance
7. Cultural and historic resources
8. Industrial hygiene
9. Health and Safety
10. Ecological resources
11. Endangered Species
12. Indoor air quality
13. Biological agents
14. Mold

It should be noted that a Phase I ESA typically does not include any testing or sampling of materials (e.g., soil, water, air, building materials).

The information used to prepare this report was provided by a number of parties including government agencies, third party vendors, and persons familiar with the property. All information reviewed was not independently verified unless actual knowledge of site conditions or history indicated obvious inconsistencies or errors. The conclusions presented in this report are based solely on the observations made during the site assessment evaluation and on data provided by others (individuals - entities). Thus, the accuracy of the resulting reporting and conclusions drawn from this information is inherently based on the accuracy of the information that was obtained/provided. In summary, there is always a possibility that some environmental conditions may be present on the property of interest which were not discovered or noted during the Phase I ESA activities (walkover inspection, records review, etc.) conducted by Talon/LPE. **THEREFORE, NO GUARANTEES OR WARRANTIES AS TO THE CONDITION OF THE PROPERTY OF INTEREST OR SUITABILITY OF PROPERTY USE FOR ANY PARTICULAR PURPOSE IS MADE OR IMPLIED BY TALON/LPE.**

3. SITE DESCRIPTION

3.1 Location and Legal Description

The subject property is located at 2107/2109 Holly Street, in Austin, Travis County, Texas. The subject property consists of one parcel totaling 0.1548 acres and is legally described as: LOT 3 BLK K OLT 61 DIV O DRIVING PARK ADDN.

3.2 Site and Vicinity Characteristics

At the time of the site visit, the property consisted of a convenience store approximately 4,620 square feet of living space and a two-pump fueling dispenser island. The remaining property is used for parking.

Adjoining properties are developed for commercial and residential use. The subject property is bordered to the north by Holly Street and occupied residential housing. The west and the south are bordered by occupied residential housing. The east is bordered by a Kleen Wash Laundromat.

The elevation of the property is approximately 457 feet above mean sea level according to the EDR report. The surface gradient dips towards the south. The subject property is situated near 100-year and 500-year flood plain areas, but not directly within either of the floodplains. No data was available to determine if the subject property lies within a wetland area.

3.3 Description of Structures, Roads, Other Improvements on the Site

The property was built upon in 1957 as a single story convenience store and the UST's were installed in 1978. In between 1962 and 1971 the store appears to have made improvements by expanding into the 2107 Holly Street lot to the west. The building is slab on grade and wood framed with a stone and cement block exterior.

3.4 Current Use of the Property

The property is currently an unoccupied convenience store/gas station.

3.5 Current Uses of the Adjoining Properties

Current uses of the adjoining properties were determined during the site reconnaissance and by a review of various third party information sources including available aerial photography and street directories. Adjoining properties to the north, west, and south are single or multi-story residential houses. The adjoining property to the east is a single-story Laundromat facility known as Kleen Wash.

4. RECORDS REVIEW

4.1 Purpose and Records Reviewed

The purpose of the records review was to obtain and review records/information that would aid in identifying *recognized environmental conditions* in connection with the property. Some records reviewed pertain not just to the subject property but also pertain to properties within an approximate additional search distance from the subject property in order to help assess the likelihood of problems from migrating hazardous substances or petroleum products. All search distances were conducted per ASTM standards and noted for specific identifying criteria in this report, and were measured from the center section in relation to the subject property.

Talon/LPE endeavored to obtain and use the most accurate and complete, practically reviewable, and reasonably ascertainable record information available from standard sources. Every reasonable effort was made to compensate for possible mistakes or insufficiencies. However, the report preparer does not contend that every possible record that might exist with respect to the subject properties was identified, obtained, or reviewed.

4.2 Federal, State, and Tribal Environmental Records Reviewed

A database search report of federal and state environmental records was obtained from EDR. The federal and state database search was compiled by using a physical address, latitude and longitude, and zip code search. The databases were reviewed and a summary of each is provided below. The complete EDR report can be found as Appendix C.

4.2.1 Underground Storage Tanks

Review of the database search performed by EDR, of the TCEQ list of facilities which have registered underground petroleum storage tanks, revealed that the current subject property, Mr. Mc's Grocery & Market at 2107/2109 Holly Street, is in the database. The subject facility currently has two (2) UST's which have not been reported with any variances. This is identified as a potential *recognized environmental condition*.

4.2.2 RCRA Sites

Review of the database search performed by EDR, of the U.S. Environmental Protection Agency (EPA) RCRA listing of facilities which generate hazardous waste, revealed that there is one (1) facility that has generated small and large quantities of hazardous waste within ¼-mile radius of the subject property. The City of Austin Electric Department, located 1,304 feet east-southeast of the subject property at 2400 Holly Street, was previously registered as a Large Quantity Generator (LQG), however changed to a SQG in 2003. The site had been reported with a general compliance violation in March 2003; however, the City of Austin corrected the violation and achieved compliance in April 2003.

4.2.3 Leaking Underground Storage Tanks

Review of the database search performed by EDR, of the Texas Commission on Environmental Quality (TCEQ) listing of facilities which have reported leaking underground petroleum storage tanks, revealed that there are three (3) facilities within ¼ through ½-mile radius of the subject property, these facilities are known as the following: 1) Bak 2, located 2,381 feet north-northwest of the subject facility at 1710 E 2nd Street, had all UST's removed from the ground with a final concurrence issued of soil contamination only and this case was closed. 2) Tovar's Ice House, located 2,441 feet north-northwest of the subject facility at 1646 E 1st Street, had all five UST's removed from the ground with a final concurrence issued of no impact to groundwater or apparent threat to receptors and this case was closed. 3) Speedi Stop, located 2,618 feet northwest of the subject facility at 1621 Caesar Chavez, had three (3) UST's removed from the ground with a final concurrence of soil contamination only and this case was closed.

4.2.4 US Brownfields

Review of the database search performed by EDR, of the US Brownfield site which are in the area, revealed that there is one (1) facility within ¼ through ½-mile radius of the subject property. This site owned by the City of Austin is located 2,046 feet east-northeast of the subject facility at 2412 Caesar Chavez and has no other pertinent information listed in the database.

4.2.5 Voluntary Cleanup Program

Review of the database search performed by EDR, of the Texas Voluntary Cleanup Program (VCP) facilities which are in the area, revealed that there is one (1) facility within ¼ through ½-mile radius of the subject property known as the Holly Street Power Plant which is located 1,651 feet southeast of the subject facility at the corner of Holly and Pedernales Street. This facility is reported as having contaminated soils on their property and a certificate of completion has not been reported as having been issued yet.

4.3 Physical Setting Information

USGS 7.5 minute topographic maps displaying the subject property and surrounding areas were reviewed as part of the ESA. The topographic maps show the site dips gently to the south with an elevation of approximately 457 feet above mean sea level (AMSL). The nearby surrounding area has elevations of approximately 428-546 feet AMSL (USGS). Topographic maps can be found in Appendix E. According to the Federal Emergency Management Agency (FEMA) maps, the subject property is situated near 100-year and 500-year flood plain areas, but not directly within either of the floodplains. According to the National Wetlands Inventory (NWI), no data was available to determine if the subject property lies within a wetland area. Local flood zones and Federal wetlands are indicated on the Overview and Detail Map located in the EDR report in Appendix C.

4.4 Historical Use Information on the Subject Property and Adjoining Properties

Historic use of the property and adjoining properties was evaluated by reviewing a variety of information sources, including available historical aerial photography, historical topographic maps, and street directories.

4.4.1 Historic Aerial Photography Review

Historical aerial photographs were obtained from the Agricultural Stabilization and Conservation Service (ASCS), Texas Department of Transportation (TXDOT), United States Geological Survey-Circulars (USGS-CIR), and Capital Area Planning Council (CAPCO). Table 1 identifies the source, date, approximate scale, and type of photographs reviewed; reproductions of the photographs are presented in Appendix D. No areas of concern were identified at the subject property or adjoining properties during the review of the aerial photographs.

TABLE 1 - AERIAL PHOTOGRAPHS

Source	Date	Approximate Scale	Photograph Type
ASCS	1951	1 in = 500 feet	black & white
ASCS	1964	1 in = 500 feet	black & white
ASC	1973	1 in = 500 feet	black & white
TXDOT	1980	1 in = 500 feet	black & white
TXDOT	1988	1 in = 500 feet	black & white
USGS-CIR	1995	1 in = 500 feet	color
CAPCO	2002	1 in = 500 feet	color

In the 1951 photograph, the subject property appears to be in residential use as well as most of the adjoining and surrounding properties. The areas of land nearest the Colorado River appear to be vacant and /or farm land.

In the 1964 photograph, the subject property appears to be built up with structures that are likely part of the current convenience store. Additional residential houses have been built in all the surrounding area as well as more roads, and what appear to be commercial or industrial facilities have been built to the northeast and southeast. The City of Austin Holly Street Power Plant appears to have been constructed to the east of the subject property. The Colorado River appears to have been manipulated into expanding north and south of its original banks.

The 1973 photograph is similar to the previous photograph; however, the subject property and east adjoining property appear to be similar to their current layout. A few bridges have been built as well as what appears to be residential structures along the south bank of the river.

The 1980 photograph is similar to the previous photograph; however, a few more roads have been developed as well as some additions to the industrial facility along the southeast bank of the river.

The 1988 photograph is similar to the previous photograph.

The 1995 photograph is similar to the previous photograph, however, it appears a few parks/recreational areas along the east and southeast banks have been created and/or established as parks.

In the 2002 photograph, the subject property, adjoining properties, and surrounding properties appear as they are presently.

4.4.2 Historical Topographic Maps

Historical topographic maps of the subject property and the surrounding area were obtained from the United States Geological Survey (USGS) and reviewed for potential environmental concerns. No areas of concern were identified at the subject property and adjoining properties during the review of the topographic maps. Table 2 identifies the name, date, series, and scale of the topographic maps reviewed; reproductions of the photographs are presented in Appendix E.

TABLE 2 – TOPOGRAPHIC MAPS

Name	Date	Series	Scale
Austin	1910	30	1:12,5000
Austin East	1954	7.5	1:24,000
Austin	1955	15	1:62,500
Austin East	1966	7.5	1:24,000
Austin East	1973	7.5	1:24,000
Austin East	1988	7.5	1:24,000

4.4.3 Fire Insurance Maps

According to the Sanborn Map Report provided by EDR, four (4) fire insurance maps from 1921, 1935, 1962, and 1971 depicts the target property at the specified address as the following:

- Map 78 from 1921 depicts a small domestic structure at the address of 2109 Holly Street and the adjoining properties as vacant.
- Map 220 from 1935 depicts a small domestic structure at the address of 2109 Holly Street. The adjoining properties are depicted with domestic structures as well, except the property to the east at 2111 Holly Street, which is depicted as being a church.
- Map 220 from 1962 depicts the address of 2109 Holly Street as a store and a parking area. The adjoining properties are still depicted as being domestic.
- Map 220 from 1971 depicts the address of 2107/2109 Holly Street as the convenience store seen presently. The adjoining properties to the north, west, and south are depicted as being domestic structures, and the property to the east is depicted as a commercial structure.

No areas of concern were identified for the subject property or adjoining properties during the review of the Sanborn Maps.

4.4.4 Street Directories

A summary report of City Directories was provided by EDR. The source for this data was provided by Morrison-Fourmy City Directory, J.B. Stephenson, and Polk's City Directory. The directories give tenant uses of the surrounding area and/or subject property from 1896-2007. No prior tenant uses of concern were found for the subject property or adjoining properties.

5. SITE RECONNAISSANCE AND INTERVIEWS

5.1 Objectives and Limiting Conditions

The objective of the site reconnaissance was to visually identify *recognized environmental conditions* in connection with the subject property.

A site walk-over was conducted on the subject property on February 21, 2008 by Mrs. Jessica Barrett of Talon/LPE. The site was walked-over and visually scanned for the possibility of conditions of environmental concern. The areas within the building such as the walk-in freezers and back rooms were dark without working lights; these were limitations to the site reconnaissance.

5.2 Exterior and Interior Site Observations

The following items were observed during the walk-over of the subject property. One observation was identified as a potential *recognized environmental condition* in connection with the subject property.

5.2.1 Storage Tanks

The subject property is an unoccupied convenience store/gas station with two (2) UST's in use. This is considered a potential *recognized environmental condition*.

5.2.2 Indications of PCBs

Three (3) transformers are located on the southern property boundary. No staining was observed on the transformers or on the ground under the transformers. These transformers were observed to have a "No PCB's" label on them.

5.2.3 Dumping, Ground Surface Staining, and Stressed Vegetation

Mattresses and household garbage items were observed to be dumped on the southern area of the subject property. Areas of oil staining were noted on the asphalt in various locations around the property parking areas and near the fuel dispensing island, this is a de minimis condition.

5.2.4 Substance Containers

One (1) large metal container used for spent restaurant grease was located near the trash receptacle and dumping area.

5.2.5 Heating/Cooling

A/C units and hot water heating units were not observed, only the cooling systems for the freezers, which were located outside at the south side of the building. The utilities that were used for cooling and heating were provided by Austin Energy.

5.3 Interviews

Interviews with various individuals consisted of questions asked in an attempt to determine any conditions that may exist or existed in the past regarding *recognized environmental conditions*. The information provided in a questionnaire given to Mr. Bob Sheehan of Gaston & Sheehan Auctioneers, Inc. was consistent with the information provided in the EDR database searches. No environmental liens, land-use restrictions, or institutional controls have been reported in relation to the subject property.

6. FINDINGS AND CONCLUSIONS

Talon/LPE has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Standard E 1527 of the subject property located at 2107/2109 Holly Street in Austin, Travis County, Texas. No exceptions to, or deletions from, this practice were knowingly or willfully made. *Recognized environmental conditions* as used by ASTM Standard 1527-05 is defined as 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, groundwater, or surface water on the property.

This assessment has revealed one (1) *recognized environmental condition* in connection with the property:

- The presence of current UST's constitutes a potential material threat of a release of petroleum products.

7. SIGNATURES

I (we) declare that, to the best of my (our) professional knowledge and belief, I (we) meet the definition of Environmental Professional(s) as defined on 40 CFR § 312.10, and I (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. I (we) have developed and performed the all appropriate inquiries in conformance with the standards and practices set fourth in 40 CFR Part 321.

Angela Barnes, Senior Project Manager
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8. APPENDICES