Phase 1 - Environmental Site Assessment

True Value Hardware Store Location

1902 North Poplar, Leadville, CO 80461

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Prepared By:

Chad Malear
Principal
Great Divide Consulting, LLC
P.O. Box 1632
Leadville, CO 80461
Office: 719-486-8115
Cell: 719-239-0391

Jord Gertson
Principal
SourceWater Consulting, LLC
16679 Holly Court
Buena Vista, Colorado 81211
Office: 719-395-2136
Cell: 719-395-7775

TABLE OF CONTENTS

LIST OF ACRONYMNS

SWC – SourceWater Consulting, LLC
ESA – Environmental Site Assessment
AAI – All Appropriate Inquiries
ASTM – American Society for Testing and Materials
REC – Recognized Environmental Conditions
HREC – Historical Recognized Environmental Conditions
PCB – Polychlorinated Biphenyls
GDC – Great Divide Consulting, LLC
USEPA – United States Environmental Protection Agency
LSD – Leadville Sanitation District
PWD – Parkville Water District
LSI – Limited Site Investigation
CRC – Colorado Restoration Company
CERCLA – Comprehensive Environmental Response, Compensation, and Liability Act
USDA – United States Department of Agriculture
SCS – Soil Conservation Service
FEMA/FIRM – Federal Emergency Management Agency/Flood Insurance Rate Maps
USGS – United States Geological Survey
CPAR – Commercial Property Appraisal Record
MSDS – Material Safety Data Sheets
ACM – Asbestos Containing Materials
HVAC – Heating, Venting, and Air Conditioning
CDPHE – Colorado Department of Public Health and Environment
OSHA – Occupational Safety and Health Administration
ODS – Ozone Depleting Substances
CFC – Chlorofluorocarbons
UV - Ultraviolet
UST – Underground Storage Tank
LUST – Leaking Underground Storage Tank
ATG – Automatic Tank Gauging
NAIP – National Agricultural Imagery Program
NRCS – Natural Resource Conservation Service
CERCLIS – Comprehensive Environmental Response, Compensation, and Liability Information System
RCRA – Resource Conservation and Recovery Act
TSD – Treatments, Storage, Disposal
NPL – National Priorities List
ERNS – Emergency Response Notification System
AIRS/AFS – Aerometric Information Retrieval System/Air Facility Systems
SWDS – Solid Waste Disposal Sites

LIST OF FIGURES

LIST OF APPENDICES

EXECUTIVE SUMMARY

SourceWater Consulting (SWC) completed a Phase I Environmental Site Assessment (ESA) of the property at 1902 North Poplar in Leadville, CO 80461 and the surrounding area. SWC conducted this ESA in conformance with the requirements of the All Appropriate Inquiries (AAI) rule of the American Society for Testing and Materials (ASTM) Standard E1527-05; *Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessment Process*. The purpose of the Phase I ESA is to identify any recognized environmental conditions (REC), historical recognized environmental conditions (HREC), or any "de minimus conditions" as defined in ASTM E1527-05.

The property covered by this report is a proposed site parcel of 1.7 acres that lies within an area consisting mostly of commercial retail lots bordered to the north by a "Silver City Conoco" gas station/service center; to the east by U.S. Highway 24 (North Poplar), a "Stop-n-Save" gas station/convenience store, the foundation of a razed movie theatre/laundromat/delicatessen, and vacant land; to the south by a "Safeway" grocery store; and to the west by an unoccupied drainage and lodge-pole forest. The entire 1.7 acre site would serve as a retail hardware store, parking lot, and small lumberyard.

SWC researched the geology, hydrology, and hydrogeology and performed a visual inspection of the property and its topography and structures. SWC also took site photographs (Appendix A) on 25 January 2010. The inspection revealed that the Subject Property is environmentally clean with respect to visual inspection and the limitations noted in Sections 1.3 and 1.4.

SWC also performed a review of the property and surrounding property history through county records, interviews, aerial photographs, tax assessments, historical mapping, and existing environmental reports. In addition SWC reviewed online records to identify sites of concern as required in the regulatory records review section of the ASTM standards for a Phase I ESA.

SWC found no REC or HREC on the Subject Property but would recommend the following to eliminate and minimize current "de minimus conditions":

1) A thorough review and adherence to the recommendations found in Appendix D before any building maintenance, repair, renovation, or other construction or demolition on the Subject Property.
2) Re-grading of the asphalt parking between the Silver City Conoco and the Subject Property (Appendix A – Photo 1) to promote better drainage to the south and east.
3) Proper cleaning and handling of the potential Polychlorinated Biphenyls (PCB) containing materials in the concrete lined catch basin beneath existing electrical transformers (Appendix A – Photo 21) as outlined in Appendix G under low concentration spill requirements.

The client reported no specialized knowledge of REC, HREC, or other potential environmental concerns in connection with the Subject Property. There were no reportable signs of stressed vegetation and the Subject Property is pronounced environmentally clean under the AAI standards outlined in the ASTM E1527-05 guidelines.

1.0 INTRODUCTION

1.1 PURPOSE

SWC performed a Phase I ESA at 1902 N. Poplar in Leadville, CO 80461 ("Subject Property"), USA. The Phase I ESA was performed at the request of Donald Sather in anticipation of future use of the Subject Property as a hardware store and small lumberyard (Sather, email).

1.2 ASSESSOR AND INTERVIEWS

Great Divide Consulting (GDC) president Chad A. Malear performed the site visit on 22 January 2010. Martha Martin escorted Mr. Malear on a tour of the Subject Property and surrounding area. Additional information was provided in documents referenced throughout the report and verbal or email discussions with the following:

- Donald Sather – Prospective buyer of the Subject Property.
- Mark Bar – Owner of the Subject Property.
- Jord Gertson – President of SWC: consulting company located in Buena Vista, CO responsible for monitoring of groundwater for the United States Environmental Protection Agency (USEPA).
- Martha Martin – Manager of "True Value Hardware" store.
- Scott Marcella – General Manager of Leadville Sanitation District (LSD).
- Marti Otto – Owner/Manager of "True Value Hardware" store.
- Mary Solik – Property Management Department, Safeway Division Office.
- Marla Leakenby – PMA Department, Safeway Division Office.
- John Harris – Manager of "Safeway" grocery store
- Tiger Volz – Director of Building and Land Use, Lake County Building Department.
- Greg Teter – General Manager of Parkville Water District (PWD).
- Janice Sabers – Land Use Coordinator, Lake County Building Department.
- Marvin Ziemet – Past owner/operator of "BP" gas/service station.
- Joanne Rimbert – Manager of "Stop-N-Save" gas station/convenience store.
- Dennis Hotovec – Colorado Oil Inspector's official.
- Ann Marie Seme – Recording Clerk, Lake County Clerk and Recorder.
- Howard Tritz – Lake County Tax Assessor.
- Morton "Mickey" Zeppelin – Owner of property to the west of the Subject Property.
- Ken Olsen – Lake County Commissioner.
- Corrie Metz – Provided Limited Site Investigation (LSI) report by Terracon.
- Kevin Sisti – State of Colorado Building Inspector #15209 for Colorado Restoration Company (CRC).

Some of the above interviews occurred in person while others were via phone conversations, emails, or faxed forms.

1.3 LIMITATIONS

This report is based upon the application of scientific principles and professional judgment to certain facts with resultant subjective interpretations. Professional judgments expressed herein are based on the facts currently available within the limits of the existing data, scope of work, budget, and schedule. SWC makes no warranties, expressed or implied, including, without limitation, warranties as to merchantability or fitness for a particular purpose. In addition, the information provided in this report is not to be construed as legal advice.

SWC is not engaged in environmental auditing and reporting for the purpose of advertising, sales promotion, or endorsement of any client's interest, including raising investment capital, recommending investment decisions, or other publicity purposes. The client acknowledges that this report has been prepared for the exclusive use of the client and agrees that SWC reports or correspondence will not be used or reproduced in full or in part for such purposes, and may not be used or relied upon in any prospectus, offering circular, or similar document. Client also agrees that none of its advertising, sales promotion, or other publicity matter containing information obtained from this audit and report will mention or imply the name of SWC.

1.4 LIMITING ON-SITE CONDITIONS

GDC's main limiting on-site condition was that of snow. Approximately 5% of the Subject Property was covered in 1 foot or more of snow. The parking area was packed with snow and snow banks were present along the southern (Appendix A – Photo 2) and eastern property boundaries (Appendix A – Photo 3). The weather during the site visit was sunny and approximately 30 degrees.

2.0 SCOPE OF WORK

SWC conducted this Phase I ESA in conformance with the AAI requirements of ASTM Standard E1527-05; *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. The purpose of the Phase I ESA is to identify REC, HREC, or any "de minimus conditions" as defined in ASTM E1527-05.

SWC and GDC presidents Jord Gertson and Chad Malear, respectively, conducted the Phase I ESA to evaluate the potential for REC on the Subject Property as a result of past or current activities on the property and surrounding properties. SWC's Phase I ESA included:

- an on-site inspection of the Subject Property and surrounding property to evaluate current conditions and identify areas of potential concern;
- a review of the property and surrounding property history through county records reviews, interviews, aerial photographs, tax assessments, historical mapping, and existing environmental reports;

- observation of adjacent properties and the local area to evaluate the potential for adverse environmental effects on the Subject Property;
- a review of online records to identify sites of concern as required in the regulatory records review section of the ASTM standards for a Phase I ESA;
- photography of the site and surrounding areas to document current conditions (Appendix A).

The intent of this ESA is to reduce the uncertainty of the potential for REC on the Subject Property in order to permit a user to satisfy one of the requirements to qualify for *the innocent landowner defense* to Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) liability.

3.0 SITE OVERVIEW

3.1 LOCATION AND LEGAL DESCRIPTION

The Subject Property is located at 1902 North Poplar Street (U.S. Highway 24), about 0.25 miles north of the town of Leadville. The legal description is:

A parcel of land, being a part of the Searl Placer U.S. Survey No. 436, located in the SE ¼ of Section 14, Township 9 South, Range 80 West, 6th P.M. in the County of Lake and State of Colorado, described as follows:

Beginning at a point on the Northwesterly right of way line of U.S. Highway No. 24, which point bears N79°28'19"W a distance of 2789.73 feet from the N ¼ corner of Section 24, Township 9 South, Range 80 West of the 6th P.M.; thence N70°31'W a distance of 280 feet; thence S23°53'W a distance of 260.76 feet; thence S70°31'E a distance of 300 feet, more or less to a point on the Northwesterly right of way line of U.S. Highway No. 24, which point bears N84°39'25"W a distance of 2841.96 feet from the N ¼ Corner of Section 24, Township 9 South, Range 80 West of the 6th P.M.; thence N19°29'E along said Northwesterly right of way line of U.S. Highway No. 24 a distance of 260 feet, more or less, to the point of beginning.

EXCEPT the property lying between the Southerly line thereof and a line which is northerly a distance of 47 feet and parallel with said southerly line (Lake County Clerk and Recorder, B502-P892).

3.2 NEIGHBORING PROPERTIES

The Subject Property is located adjacent to U.S. Highway 24 also known as North Poplar Street. The Subject Property is adjacent to:

- North: "Silver City Conoco" gas/service station (Appendix A – Photo 3).
- East: U.S. Highway 24, "Stop-N-Save" gas station/convenience store (Appendix A – Photo 4), foundation of razed movie theatre/laundromat/delicatessen (Appendix A – Photo 5), and vacant land.
- South: "Safeway" grocery store (Appendix A – Photo 6).

- West: Borrow pit for abandoned landfill and native lodgepole forest (Appendix A – Photo 7).

Based on GDC's observations, there are no residences in the vicinity of the Subject Property. Each of the properties above is discussed more thoroughly in Section 5.0.

3.3 TOPOGRAPHY AND HYDROLOGY

The Subject Property is located at an elevation of approximately 10,172 feet (Figure 1) above mean sea level, and is relatively flat with the exception of a naturally occurring change in topography along the western boundary (Appendix A - Photo 8). Most of the property, except the portion that is building, is covered in asphalt parking that drains away from the building and to the south and east. The Subject Property receives about 16 to 25 inches of precipitation a year, more than half of which falls as snow (United States Department Of Agriculture (USDA)-Soil Conservation Service (SCS), 4). Most of the precipitation that falls on the property either returns to the atmosphere via evapotranspiration, flows south and east into the Safeway parking lot, or infiltrates into the coarse soils described in Section 3.4. The asphalt driveway/parking lies to the east and north of the existing building (Appendix A – Photo 9) and has been known to insufficiently drain at times (Sather, email). There is an obvious low spot between the Silver City Conoco and the Subject Property (Appendix A – Photo 1). There appears to be a large manmade drainage, possibly a borrow pit (Appendix A – Photo 7), directly to the west of the property that is well below the grade of the Subject Property. Curb and gutter front the property along U.S. Highway 24 (Appendix A – Photos 2, 4, 6). The frost free season is 10 to 75 days (USDA-SCS, 4) and the Subject Property is not located within any Federal Emergency Management Act/Flood Insurance Rate Map (FEMA/FIRM) floodplains.

3.4 GEOLOGY AND HYDROGEOLOGY

The soils on the site are classified as part of the Troutville-Leadville association. These soils formed in glacial outwash and glacial till. They are deep, well drained to excessively well drained, and slightly acid to neutral. They have a surface layer of sandy loam and a subsoil of clay loam that are modified by cobbles and stones. The average annual soil temperature is 38° F, with an average of 46° F in the summer (USDA-SCS, 4).

The Tomichi Series covers a majority of the Subject Property (Figure 2). This series of soils formed in gravelly and cobbly, coarse textured outwash on slopes of 5 to 25 percent. The plant cover is ring muhly, fescues, and big sagebrush. The profile of a Tomichi sandy loam (ToE) is as follows:

0-7 inches:	brown sandy loam, 10% gravel
7-13 inches:	dark brown gravelly sandy loam, 30% cobbles and gravel
13-60 inches:	yellowish brown gravelly sand mixed with cobbles

Permeability in these soils is rapid and the available water capacity is low (USDA-SCS, 31).

The Leadville Series covers the southeast corner of the Subject Property (Figure 2). This series of soils formed in stoney and cobbly, medium-textured glacial outwash on slopes of 3 to 35 percent. The plant cover is lodgepole pine, Engelmann spruce, and subalpine fir. The profile of a Leadville sandy loam (LeE) is as follows:

0-1 inch:	dark brown sandy loam
2-8 inches:	reddish-brown sandy loam, 10% stones
9-40 inches:	yellowish-red and reddish-brown clay loam, 50-70% cobbles and stones
41-60 inches:	reddish-brown loam, 70% stones

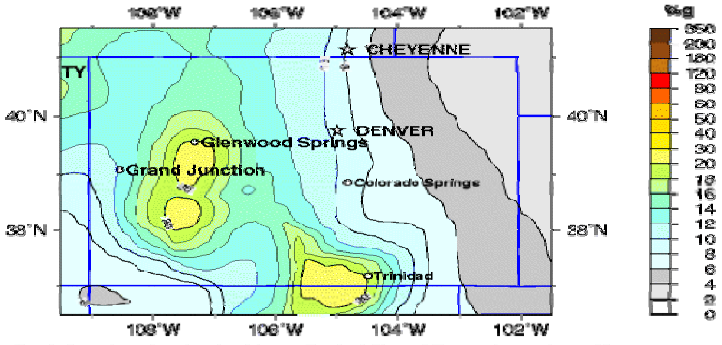
Permeability in these soils is moderately slow and the available water capacity is moderate (USDA-SCS, 18)

The Troutville Series covers the rest of the Subject Property (Figure 2) along the western property line. This series of soils formed in gravelly, moderately coarse textured glacial till on slopes of 3 to 35 percent. The plant cover is lodgepole pine, Engelmann spruce, and subalpine fir. The profile of a Troutville gravelly sandy loam (TrE) is as follows:

0-2 inches:	dark grayish-brown gravelly sandy loam
2-14 inches:	pale-brown and light yellowish brown gravelly sandy loam
14-20 inches:	light yellowish brown very gravelly sandy loam
20-40 inches:	yellowish-brown extremely stony sandy loam

Surface runoff is medium to rapid, and the hazard of erosion is moderate (USDA-SCS, 31-32).

The Subject Property does not lie in an area with significant seismic activity and the earthquake peak ground acceleration that has a 2% chance of being exceeded in 50 years has a value between 12% and 16% g (United States Geological Survey (USGS) Earthquake Hazards Program – Seismic Hazard Map of Colorado (below)).



Peak Acceleration (%g) with 2% Probability of Exceedance in 50 Years
site: NEHRP B-C boundary
National Seismic Hazard Mapping Project (2008)

The groundwater elevation on the Subject Property is between 10,124 and 10,134 feet (Appendix E). Groundwater flow direction at the Subject Property has not been confirmed by SWC. Groundwater is currently drained by the Leadville Mine Drainage Tunnel (Gertson, conversation) and as of 2007, the level is approximately 38 to 48 feet below the surface (Appendix E).

4.0 SITE OPERATIONS

4.1 GENERAL DESCRIPTION

The 1.7 acre Subject Property is located within an area consisting mostly of commercial retail lots. There is one structure on the Subject Property that was built in 1958 (Commercial Property Appraisal Record (CPAR), C1891). The restrooms (Appendix A – Photos 10, 11) and office area (Appendix A - Photo 12) were remodeled in 2001 and minor repairs were made to the roof in the spring of 2009 (Martin, conversation). The bathroom drains connect to the wastewater system (Marcella, conversation). The building, containing 17,879 square feet, is made of painted 12" wide cinder blocks except the store front which is 8" brown brick and glass and a garage door opening that has been finished with wood. The roof is laminated beam and there is a canopy with floodlights at the front of the building supported by metal columns (CPAR, C1891). The roof drains into inlets near the front of the building that empty into the parking lot (Appendix A – Photo 13). The roof drains to asphalt and soil to the north and west of the building (Appendix A – Photo 14). There is an incinerator at the southwest corner of the building (Appendix A – Photo 15) that has been welded shut to keep out the homeless (Otto, conversation). There is a "True Value Hardware" sign on the front of the building (Appendix A – Photo 2). The heating is forced air (Appendix A – Photo 16) and there are two 16" exhaust fans on the north and south exterior of the building (Appendix A – Photo 9). The foundation is concrete and the flooring is concrete and tile. The asphalt parking in the front of the building has parking lights and slopes gently away from the building and to the south. All site visit photographs are presented in Appendix A.

4.2 PAST AND CURRENT USES

In the past, the Subject Property has been used as a "Safeway" grocery store, a "Skaggs" fishing tackle/pharmacy (Appendix A – Photo 17), and a "Coast to Coast" (Appendix A – Photos 18, 19) and a "True Value Hardware" store (Appendix A – Photo 2). The Subject Property operated as a "Safeway" grocery store from 1962 to 1972. At that point, Safeway constructed a new building on the lot adjoining to the south. There were no sources or reasonably ascertainable information available for the operation of the "Safeway" grocery store (Solik, conversation). After remaining empty for a few years (Otto, conversation) and sometime before 1979, the Subject Property began operation as a "Skaggs" fishing tackle and pharmacy (Appendix A – Photo 17). In 1984 there was a "Coast to Coast" sign installed (Volz, conversation) and there are photos to indicate that the Subject Property was being used as a "Coast to Coast" hardware and "Ben Franklin" paint store in 1988 (Appendix A, Photo 18). Since that time the Subject Property has operated as a "Coast to Coast" and

became a “True Value Hardware” retail hardware/paint store around 1998 (Otto, conversation). The building was equipped with an incinerator (Appendix A – Photo 15) but no information was reasonably ascertainable concerning its use except that it was sealed to eliminate access in 2003 (Volz, conversation).

4.3 UTILITIES

The Subject Property is currently provided with the following utilities.

- Water - provided by PWD
- Sewer Service - provided by LSD
- Natural Gas – Xcel Energy Company
- Electricity – Xcel Energy Company
- Heating – Natural gas furnaces

An overhead power line is located at the rear of the building (Appendix A - Photo 14). Underground utilities lines were not located. There was a leak in the water service line at the rear of the building (Appendix A – Photo 14) due to freezing temperatures. Water did cause minor flooding in the back of the building but no hazardous substances where present (Otto, conversation). The pipes were defrosted and service restored and none of the main service lines have ever experienced problems (Teter, conversation). There were no reports of any problems with the sewer, electricity, or gas services. The electrical transformer box is a Zinsra model #SO-13576-1 (Appendix A – Photo 20). There is a catch basin (Appendix A – Photo 21) beneath the transformer box that appears discolored and could contain Polychlorinated Biphenyls (PCB). Electrical components were brought up to code in 2001 (Volz, conversation). Heat is provided by model #UCS 125-55 Janitrol forced air gas fed heaters (Appendix A, Photo 16). Hot water is provided by a gas operated Lochinvar hot water heater (Appendix A, Photo 22) that was purchased in 2007. The entire building is lit with florescent lights (Appendix A) but all have been replaced in the last 2 to 3 years (Otto, conversation).

4.4 CHEMICAL USE AND STORAGE

All chemicals currently on the Subject Property are properly stored (Appendix A, Photo 23) and have Material Safety Data Sheets (MSDS) that can be reviewed in case of spill or emergency (Otto, conversation).

4.5 CONTAINERS AND TANKS

The only observable or reportable storage container on the Subject Property was a trash dumpster at the rear of the building (Appendix A – Photo 9). No underground or aboveground storage tanks exist on the Subject Property.

4.6 HAZARDOUS AND NON-HAZARDOUS WASTE

Sewage is the only hazardous waste created on the Subject Property and is handled by the LSD. The non-hazardous waste created on the Subject Property is handled by Diedrich Construction and Trash Service (Otto, conversation).

4.7 AIR EMISSIONS

No odors or sources of regulated air emissions were noted or discovered on the Subject Property.

4.8 POLYCHLORINATED BIPHENYLS

PCBs constitute a group of 209 chemicals that are based on the biphenyl molecule. PCBs were manufactured in the United States from 1929 to 1979 and were primarily used as nonflammable insulating fluids in electrical transformers, hydraulic equipment, capacitors and florescent lighting (USEPA-Office of Pollution Prevention and Toxics, 1-2).

The only observed potential source of PCB on the Subject Property are the electrical transformers (Appendix A – Photos 14, 20) and other electrical components that may have been installed as early as 1960 before the ban on PCB in 1979. Although no leaks were reported, there appears to be visual discoloration in the concrete lined catch basin beneath the electrical transformer boxes inside the building (Appendix A – Photo 21). The concrete lined catch basin appears to completely contain any potential contamination and an iron grate isolates it from being disturbed. According to the Lake County Building Department all electrical systems were brought up to code in 2001 and no violations have been reported (Volz, conversation). Due to the fact that the threat poses no threat to human health or the environment and has not been the subject of any enforcement actions, SWC would consider the potential contamination to qualify as a "de minimus condition". SWC performed no testing of the discolored concrete catch basin to determine its constituents but because of the potential of PCB contamination would recommend proper cleaning and handling of the material in the catch basin as outlined in Appendix H under low concentration spill requirements. Florescent lights have all been replaced in the last 2-3 years (Otto, conversation). Xcel Energy Company has removed or will remove all transformers and other electrical equipment known to contain PCB on the exterior of the building and no spills or leaks have been reported.

4.9 ASBESTOS CONTAINING MATERIALS (ACM)

Asbestos is a general name for a group of naturally-occurring minerals composed of small fibers. It is common in many building materials. The presence of asbestos in a building does not mean that the health of building occupants is endangered. As long as ACM remain in good condition and are not disturbed or damaged, exposure is unlikely. Building maintenance, repair, renovation, or other activities can lead to fiber release.

There are three main categories of ACM that have been identified by the USEPA:

> **1) Surfacing Materials** (sprayed or troweled on) - used for decorative, acoustical, or fireproofing purposes. Examples include plaster and fireproofing insulation. Sprayed-on fireproofing generally appears fluffy and crumbly while troweled-on finishes are generally cement-like, but may also be crumbly.

2) Thermal System Insulation - insulation used to inhibit heat transfer or prevent condensation on pipes, boilers, tanks, ducts, and other components of plumbing or Heating, Venting Air Conditioning (HVAC) systems. Examples include pipe wraps, insulation (block, batter, and blanket), gaskets, and "muds".

3) Miscellaneous Materials - other products and materials such as floor tile, sheet flooring, adhesive mastic, ceiling tiles, concrete pipe, and roofing felt.

Mr. Kevin Sisti, a State of Colorado Certified Asbestos Building Inspector with CRC Disaster Restoration performed a Limited Asbestos Building Material Survey in November of 2009. A complete list of ACM on the Subject Property is listed in Appendix D. The report suggests that if any of the ACM are to be disturbed due to demolition or renovation that removal must be performed in accordance with the Colorado Department of Public Health and Environment's (CDPHE) Regulation No. 8 and ACM shall be handled according to the Occupational Safety and Health Administration's (OSHA) Construction Asbestos Standard, 29 CFR 1926.1101 (Appendix A – Photos 24, 25, and 26).

4.10 OZONE DEPLETING SUBSTANCES (ODS)

ODS, including chlorofluorocarbons (CFC), halons, and several other chemicals, are responsible for thinning the stratospheric ozone layer. When these substances reach the stratosphere, Ultraviolet (UV) radiation from the sun breaks them apart to release chlorine or bromine atoms which react with ozone, starting chemical cycles of ozone destruction that deplete the ozone layer (Ozone Depleting Substances, 1).

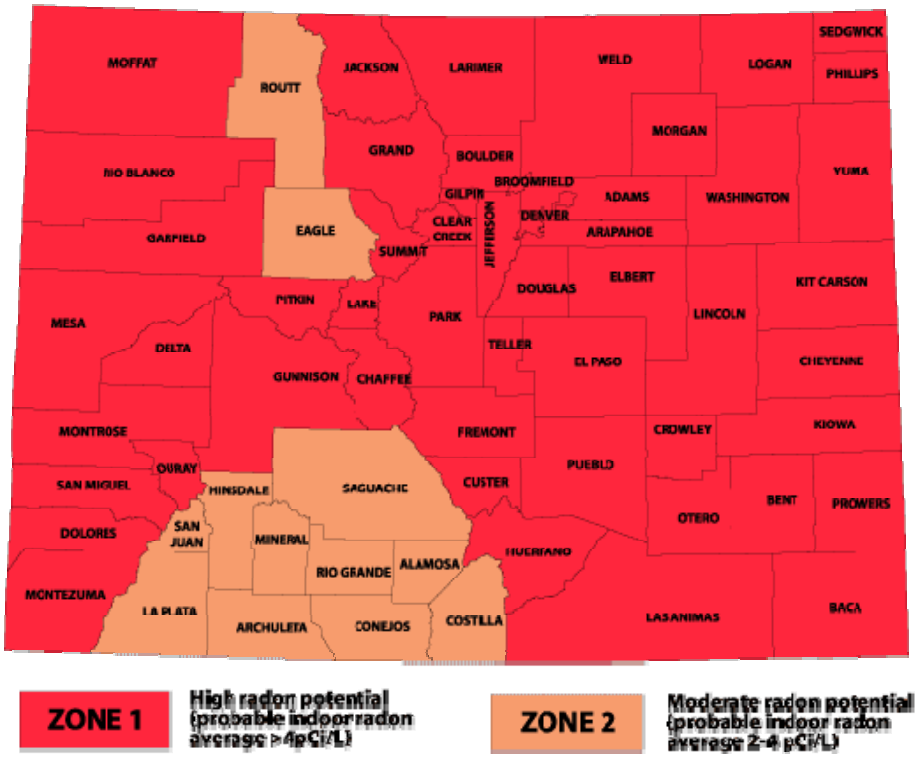
There were no ODS found or reported on the Subject Property.

4.11 RADON

Radon is a colorless, odorless gas that exists naturally in some geologic formations. According to the Colorado Department of Health Radiation Control Division, "radon gas can enter a home from the soil through dirt floors, cracks in concrete floors and walls, floor drains, sump pumps, water wells, joints, and tiny cracks or pores in hollow-block walls. Radon levels are generally highest in basements and ground-floor rooms in contact with the earth." Building products, especially cinder blocks made from material high in uranium and other alpha-emitting radio nuclides, may release radon gas (Environmental Resources Management, 24).

Radon zones were developed by the USEPA using five factors to determine radon potential: indoor radon measurements; geology; aerial radioactivity; soil permeability; and foundation type. These zones were created to assist National, State, and local organizations to target their resources and to assist building code officials in deciding whether radon-resistant features are required in new construction.

Colorado Radon Zones



The Subject Property is located in Zone 1, where the average short-term radon measurement that can be expected to be measured in a building without the implementation of radon control methods is greater than 4 pCi/L. Radon testing is suggested for all buildings regardless of geographic location, with Zone 1 being the highest priority (USEPA, 1). Currently, the Lake County Building Department does not require radon testing for new construction nor control measures for existing buildings (Sabers, conversation).

5.0 ADJACENT PROPERTIES

5.1 NORTH

The property directly to the north of the Subject Property is currently a “Silver City Conoco” gas/service station (Appendix A – Photo 3). The land was undeveloped until the early 1960s and has operated as a gas station/service center since that time. The station also acted as a U-haul rental location until around 2004. The building has been leased by Petroleum Facilities, Chevron, Amoco, BP, and now Conoco. When Amoco took over from Chevron (Appendix A – Photo 27), the underground storage tanks (UST) located on the site were removed and newer tanks installed on the southern portion of the property (Appendix E). Test wells were installed and monitored after the removal of the tanks until 1995 when the

site cleanup was completed (Appendix B). In November of 2006, AEI Consultants completed a Phase I ESA for this property that identified the existing UST and a concrete lined sand trap on the north side of the property as REC. In January of 2007, Terracon Consulting Engineers and Scientists performed a LSI and concluded that there was no soil or groundwater impact that would require additional investigation (Appendix E).

Inevitable surface contaminations are associated with any gas station (Zeimet, conversation) but due to the topography of the area, location of the gas pumps, and asphalt parking, any existing or minor future surface contaminations are not considered as REC and should not present a concern for the Subject Property.

5.2 EAST

The Subject Property is bordered to the east by U.S. Highway 24 also known as North Poplar (Appendix A – Photos 4,6). A "Stop-N-Save" gas station/convenience store is located across the highway (Appendix A- Photo 4) and was built in 1986 (CPAR, C1963). The store has always operated as a Phillips 66 (Appendix A – Photo 28) and was remodeled in 1996 (Rimbert, conversation). This site was a potential concern because there was a leaking underground storage tank (LUST) report on February 11, 2005. The automatic tank gauging (ATG) system failed because there was a pinhole in the flux connector of the sub-pump. The Colorado Oil Inspector assessed the site and found no contamination. The line was replaced and there have been no other problems (Hotovec, conversation).

The Subject property is also bordered to the east by vacant land. One of the vacant lots still has a concrete foundation (Appendix A – Photo 5). This site had been a "CineMoly" movie theatre (Appendix A – Photo 29) that was built in 1969 and enlarged in 1973, a "Heart's Delight Delicatessen" (Seme, conversation), a laundromat, and a salvaged goods retail shop (Tritz, conversation). The building was razed following an explosion and fire in the early 1980s and the foundation was left in place.

U.S. Highway 24 received new curb, gutter, and sidewalk in the summer of 2007 (Volz, conversation). Visual inspections of the properties to the east of the Subject property did not reveal any REC.

5.3 SOUTH

The property directly to the south of the Subject Property is a "Safeway" grocery store (Appendix A – Photo 6). The property was undeveloped until 1972 when Safeway (Appendix A – Photo 30) expanded and moved its operations from the Subject Property. Safeway has operated in the building since that time and installed 4 floor drains in 1994. In 2000, it received electrical work, new HVAC units, a new furnace, and some exterior wall panels were repaired. In 2001 the building underwent significant interior and exterior remodels. Grease traps at the rear of the building were pumped in 2003 and no indications of grease or any other contamination have ever been reported (Volz, conversation. Safeway representatives and managers were unwilling to offer information on current or past operations.

5.4 WEST

The property directly to the west of the Subject Property is undeveloped. There has been extensive excavation on the property and no waste has ever been revealed (Zeppelin, conversation). Aerial photographs indicate that the area may have been a borrow pit for a landfill located to the north (Section 6.1). A visual inspection of the property did not reveal any REC.

6.0 SURROUNDING PROPERTIES

Most of the surrounding properties not adjacent to the Subject Property are commercial lots including: the "Parkville Water District" headquarters, the "Silver King Inn" hotel, the "Strikes and Spares" bowling alley, the "2 Mile Hi Ski-Doo" snowmobile sales/repair shop, and the "Gringos" fast food restaurant (Figure 1). A portion of the surrounding properties are undeveloped and remain in their native state. The following sites were of particular concern.

6.1 ABANDONED LAKE COUNTY LANDFILL

Approximately 500 feet to the north of the Subject Property lay an abandoned landfill operation (Figure 1). The landfill ceased operation in the mid 1960's and because there were no regulations at that time, most of the trash was burned (Olsen, conversation). The approximate location of the landfill was determined from the Lake-Chaffee County soil survey and adjusted according to aerial photographs from 1990. The aerial photographs show roads that lead to the possible borrow pit area directly to the west of the Subject Property. There are no signs of abnormally stressed vegetation on the location and due to the topography, the landfill should not present any REC for the Subject Property.

7.0 HISTORICAL RECORDS REVIEWS

7.1 HISTORICAL PROPERTY RECORDS

Historical property records for the last 50 years were reviewed for the Subject Property and adjacent properties to determine the types of business activities that have been associated with the respective properties. The records review findings are indicated in Section 5.0.

7.2 AERIAL PHOTOGRAPHS AND SATELLITE IMAGES

Aerial photographs and satellite images were available from 1990, 1997, 1999, 2003, 2005, and 2006. The current physical state of the Subject Property and most of the surrounding areas appears to be very similar in all of the aerial photographs and satellite images. The satellite image obtained via the 2005 National Agricultural Imagery Program (NAIP) project is used in Figure 1 and Figure 2. Older aerial images may be available through the Natural Resource Conservation Service (NRCS) in Salida, CO (Gertson, conversation).

7.3 TOPOGRAPHIC MAPS

Topographic maps from 1995 (Microsoft Terraserver Imagery, 1), Terrain Navigator maps copyrighted in 2001, and seamless USGS quadrangle maps were available for review and indicated no significant changes in topography. Five foot contours were provided by the Lake County Mapping Department and were used in Figure 1.

7.4. TAX ASSESSMENTS

Tax assessments were available for the Subject Property and surrounding properties (CPAR, C1871, C1873, C1891, C1917, C1963, C1971, C60702). All historical photos (Appendix A - Photos 17, 18, 19, 27, 28, 29, 30) were taken from these assessments and dates were indicated where available. There is no significant difference between the purchase price of the Subject Property and its assessed value that would indicate the presence of REC.

7.5 PREVIOUS ENVIRONMENTAL INVESTIGATIONS, LIENS, OR VIOLATION NOTICES

There Subject Property and adjoining properties have had a number of previous environmental investigations. The timeline/results of the Colorado Oil Inspector's investigation of the gas/service station to the north of the Subject Property are outlined in Appendix B. There was also a Phase I ESA performed on this property in 2006 that was not provided (Metz, conversation). The results of the 2007 LSI performed via the Phase I ESA recommendations are outlined in Appendix E. The Subject Property also underwent a Limited Asbestos Building Materials Survey that is summarized in Appendix D. No environmental liens or violations were reported or discovered during the AAI required by ASTM E1527-05.

7.6 ACTIVITY AND USE LIMITATIONS

Due to the fact that the Subject Property lies within Operable Unit 9 of the USEPA California Gulch Superfund site, the USEPA also performed a Site Inspection of Coast to Coast property in 1992 that can be found in Appendix F. Besides certain mine waste piles on the south side of Leadville, Operable Unit 9 has been delisted by the USEPA and imposes no institutional controls that would affect the Subject Property (Sabers, conversation).

The only use limitations for the Subject Property are those imposed by the Lake County Building Department's Lake County Land Development Code – Use Regulations (Appendix G)***.***

8.0 REGULATORY AGENCY DATABASE REVIEWS

A search of regulatory agency environmental databases was conducted to determine if regulated facilities exist within close proximity to the Subject Property. The minimum search radius is specified by ASTM E1527-05.

8.1 COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY INFORMATION SYSTEM (CERCLIS)

The CERCLIS list is a compilation by the USEPA of those sites which the USEPA has investigated or is currently investigating for a release or threatened release of hazardous substances as defined by the CERCLA (Superfund) Act. Although much of Leadville is or at one time was a Superfund site, the CERCLIS list indicated no sites within 0.5 miles of the Subject Property (Superfund Information Systems – CERCLIS: Search CERCLIS, 1).

8.2 RESOURCE CONSERVATION AND RECOVERY ACT (RCRA)

The USEPA's RCRA program identifies and tracks hazardous waste from the point of generation to the point of disposal (cradle to grave). The RCRA facilities database is a compilation by the USEPA of reporting facilities (generators) that generate hazardous waste and those who transport, store, treat, or dispose (TSD) of hazardous waste. There are no RCRA TSD sites within 1.0 mile of the Subject Property (EPA – Envirofacts Warehouse – RCRAINFO, 1).

8.3 NATIONAL PRIORITIES LIST (NPL)

This database contains uncontrolled or abandoned hazardous waste sites identified for priority remedial actions under the CERCLA (Superfund) program. There are no NPL sites within 1.0 mile of the Subject Property (Superfund Information Systems – CERCLIS: Search CERCLIS, 1)

8.4 EMERGENCY RESPONSE NOTIFICATION SYSTEM (ERNS)

This list contains information on reported releases of oil and hazardous substances made to federal authorities including the USEPA, the U.S. Coast Guard, the National Response Center and the Department of Transportation. No ERNS spills were reported on or near the Subject Property (ERNS, EPA, 1).

8.5 LEAKING UNDERGROUND STORAGE TANKS (LUST) AND UNDERGROUND STORAGE TANK (UST)

LUST and UST databases contain information regarding any past or present UST throughout the state of Colorado. SWC's review of the database findings for all LUST and UST facilities within ½ and ¼ mile, respectively, of the Subject Property indicate that none of these sites would represent a risk of adversely affecting the Subject Property. All of the identified sites are either down or cross-gradient locations, the sites have been remedied to the satisfaction of regulators, or no releases to the subsurface have been reported. All findings from these reviews are reported in Appendix B and C (OIS2000, 1), and Appendix E.

8.6 AEROMETRIC INFORMATION RETRIEVAL SYSTEM/AIR FACILITY SYSTEM (AIRS/AFS)

The AIRS/AFS contains complaints and permit data for stationary sources regulated by EPA, state, and local air pollution agencies. No AIRS/AFS sites

were found on or near the Subject Property (EPA – Envirofacts Warehouse – AIRS/AFS, 1).

8.7 SOLID WASTE DISPOSAL SITES (SWDS)

The only SWDS near the Subject Property is the abandoned Lake County landfill that is discussed in Section 6.1. This site poses no REC to the Subject Property (Colorado, 1).

9.0 CONCLUSIONS AND RECOMMENDATIONS

SWC completed a Phase I ESA of the property at 1902 North Poplar, Leadville, CO 80461 and the surrounding area in conformance with the scope and limitations of ASTM Practice E1527-05. The intent of this Phase I ESA was to perform AAI in order to identify any REC, HREC, and "de minimus conditions" as defined in ASTM E1527-05. Information was collected during this assessment in order to draw specific conclusions and recommendations as are contained in this report. The conclusions and discussions in this report are based on obvious and visible surface features observed at the Subject Property, information provided by local government officials, and interviews with people familiar with the property. It should be understood that no air quality, soil, water, asbestos, radon nor PCB sampling were performed as part of this assessment therefore SWC cannot render an opinion regarding the absolute existence or non-existence of these conditions at the Subject Property. This assessment has revealed no suspect areas that may represent a REC or HREC on the Subject Property but SWC would recommend the following to eliminate and minimize current "de minimus conditions":

1) A thorough review and adherence to the recommendations found in Appendix D before any building maintenance, repair, renovation, or other construction or demolition on the Subject Property.
2) Re-grading of the asphalt parking between the "Silver City Conoco" and the Subject Property (Appendix A – Photo 1) to promote better drainage to the south and east.
3) Proper cleaning and handling of the potential PCB containing materials in the concrete lined catch basin beneath existing electrical transformers (Appendix A – Photo 21) as outlined in Appendix H under low concentration spill requirements.

The client reported no specialized knowledge of REC, HREC, or other potential environmental concerns in connection with the Subject Property. There were no reportable signs of stressed vegetation and the Subject Property is pronounced environmentally clean under the AAI standards outlined in the ASTM E1527-05 guidelines.

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