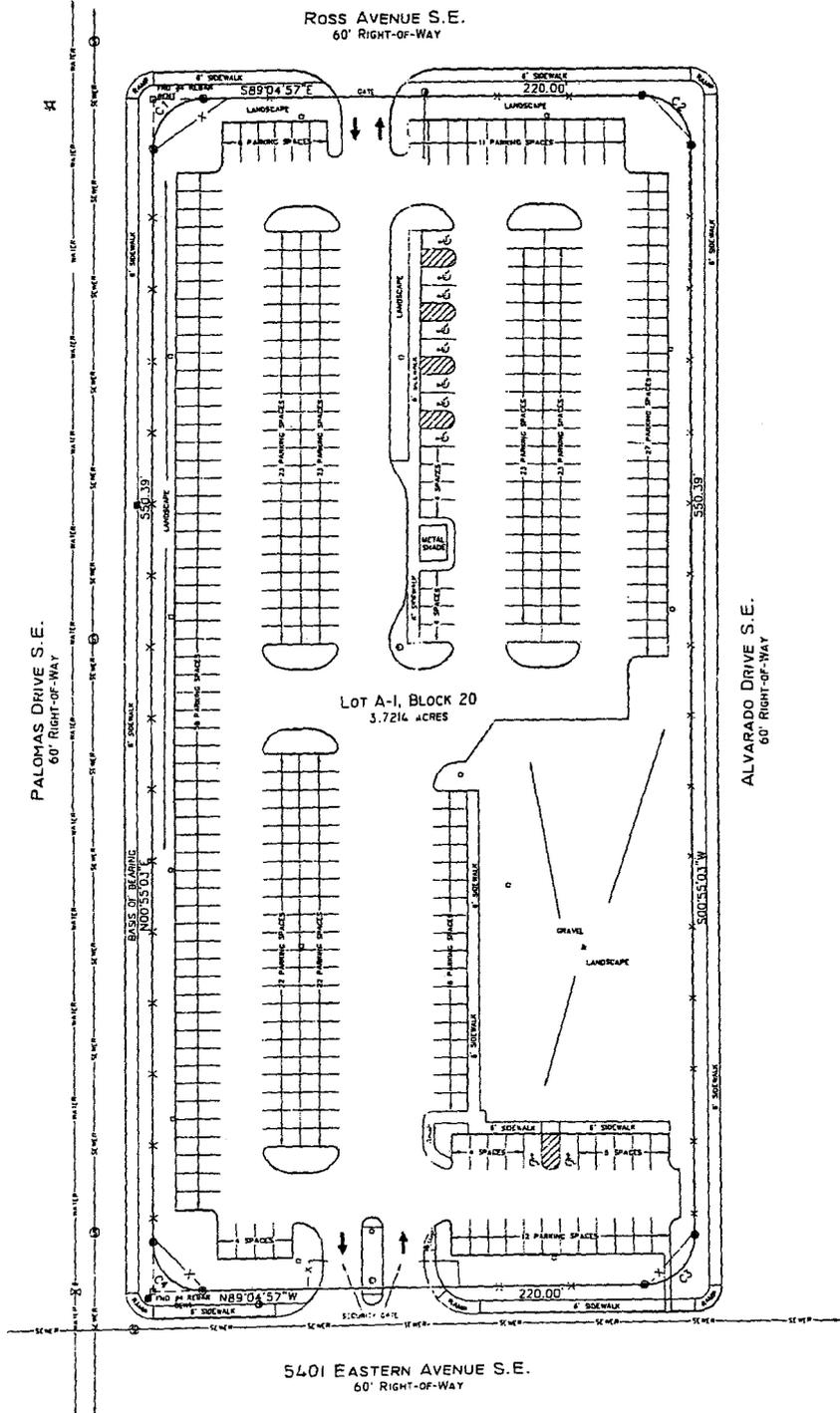


A.L.T.A./A.C.S.M. LAND TITLE SURVEY

LOT A-1, BLOCK 20
 VIRGINIA PLACE ADDITION
 CITY OF ALBUQUERQUE
 BERNALILLO COUNTY, NEW MEXICO
 JULY 2007



UTILITY INFORMATION SHOWN HEREON PER FIELD INSPECTION AND CITY OF ALBUQUERQUE UTILITY RECORDS. ACTUAL LOCATION SHOULD BE VERIFIED BEFORE BEGINNING CONSTRUCTION AND ANY DISCREPANCIES REPORTED TO THE SURVEYOR.

Phase I Environmental Site Assessment

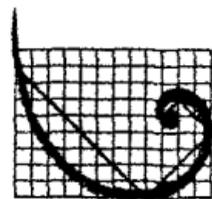
Presented to:

Brownstein, Hyatt, Farber, Schreck, P.C.
201 Third Street NW
Suite 1700
Albuquerque, NM 87102-4386

**Virginia Place Addition
Lot A-1, Block 20
Albuquerque, New Mexico**

August 17, 2007

ENVIRONMENTAL RESOURCES MANAGEMENT
2201 Buena Vista Drive SE
Suite 305
Albuquerque, NM 87106
(505) 243-3330
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ERM

In August 2007, acting on behalf of Brownstein, Hyatt, Farber, Schreck, P.C., Environmental Resources Management (ERM) conducted a Phase I Environmental Assessment of the property known as Virginia Place Addition, Lot A-1, Block 20 in Albuquerque, New Mexico. This property is currently being used as a vehicle parking lot. The Phase I Environmental Assessment was conducted in accordance with Standard E 1527-05 of the American Society for Testing and Materials (ASTM) and the standards for conducting all appropriate inquiries set forth by the U.S. Environmental Protection Agency (EPA) in 40 CFR Part 312. Standard E 1527 describes the protocol for "site assessment practices that satisfy the due diligence responsibilities of participants in commercial real estate transactions." This document constitutes ERM's report on the Phase I Environmental Assessment of the subject property.

PURPOSE

The purpose of performing this environmental assessment was in anticipation of a transaction involving donation of the subject property to a municipality. In general, the objective of conducting a Phase I Environmental Site Assessment is to identify recognized environmental conditions associated with a property that may be assumed in a real estate transaction. ASTM defines recognized environmental conditions 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, ground water, or surface water of the property."

Recognized environmental conditions do not include de minimis conditions. ASTM defines these as "conditions that generally do not present a threat to human 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."

Furthermore, as one of the requirements to qualify for the innocent landowner, contiguous property owner, or bonafide prospective purchaser limitations as defined by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), this site assessment was performed in general compliance with 40 CFR Part 312. ASTM E 1527-05 satisfies the statutory requirements for the conduct of all appropriate inquiries.

SCOPE OF WORK AND SPECIAL TERMS AND CONDITIONS

This project was conducted in accordance with the terms and conditions specified in ERM's Environmental Assessment Proposal #08-123 dated August 6, 2007. The Scope of Work included:

- a visual inspection of readily accessible areas of the subject property to evaluate current conditions and identify areas of potential concern;
- interviews with persons familiar with the subject property to determine current and historical use or releases of hazardous substances or petroleum products;
- interviews with the prospective purchaser;
- observation of adjacent properties and the local area to evaluate the potential for adverse environmental impact to the subject property;
- review of readily available local, tribal, state, and federal environmental agency records within a maximum distance of one mile of the subject property as dictated by the ASTM standard; and
- review of readily available documents identifying historical uses of the subject property and adjacent properties.

This Phase I Assessment excludes ASTM E 1527-05 non-scope considerations including asbestos-containing materials, radon, lead-based paint, lead in drinking water, wetlands, regulatory compliance, cultural and historic resources, industrial hygiene, health and safety, ecological resources, endangered species, indoor air quality, biological agents, mold, and high voltage powerlines.

LIMITING CONDITIONS AND METHODOLOGY USED

The methodology used for the site reconnaissance consisted of physical inspection of the subject property in order to obtain information indicating the presence or likely presence of recognized environmental conditions. An environmental scientist with ERM conducted the site inspection on August 7, 2007. The inspection focused on areas of possible chemical and petroleum usage and/or storage, discharges, evidence of on-site disposal/landfilling, soil disturbance, and/or unusual vegetation.

ERM did not inspect subsurface features such as underground utilities or utility corridors.

Environmental Liens

The subject property owner was queried through the Environmental Questionnaire regarding the existence of any environmental liens associated with the subject property. The owner's representative was not aware of any environmental liens on the subject property.

Specialized Knowledge of Key Personnel

ERM contacted the site contact, Brian McDonald with Lovelace Health Systems, to determine the status of potential environmental concerns at the subject property. The following information about the subject property was requested:

- An evaluation of the presence of environmental cleanup liens for the subject property;
- Activity and use limitations (AULs) such as engineering controls (e.g., slurry walls, caps) and land use restrictions or institutional controls (e.g., deed restrictions, covenants) that may be in place for the subject property;
- Specialized knowledge that includes personal knowledge or experience related to the subject property or nearby properties based on professional experience or knowledge of the subject property;
- Fair market value (FMV) to evaluate whether the purchase price of any parcel was significantly below FMV. (Note: This property is being gifted to the City of Albuquerque);
- Obvious indicators that involve past or present spills, stains, releases, cleanups on or near the site; and
- Common knowledge about use of specific chemicals, possible contamination, or past use of the subject property and surrounding area.

The owner/site contact questionnaire did not provide specific information addressing the elements above.

The User Questionnaire for Phase One Additional Inquiries (User Questionnaire) was completed by Mr. Al Soto of the City of Albuquerque. The User Questionnaire indicated that the client does not have specialized knowledge or additional information not already provided in this report

that would identify conditions indicative of releases or threatened releases of hazardous substances to the subject property. With regard to the fair market value, the client indicated that there are no discrepancies between fair market value and purchase price that would identify conditions indicative of releases or threatened releases of hazardous substances to the subject property.

A copy of the User Questionnaire, and Environmental Questionnaire is presented in Appendix A.

2.0 SITE AND VICINITY CHARACTERISTICS

This section describes the subject property in terms of the following characteristics: current structures and features, surrounding property uses, topographic, geologic and hydrogeologic setting, and status regarding environmental liens or previous environmental work.

2.1 SITE DESCRIPTION

The subject property is a rectangular parcel covering approximately 125,000 square feet in a residential/commercial district. The subject property is devoid of structures except for a small bench and associated sun shade. Irrigated landscaping is located around the perimeter, which is also fenced. Approximately 80% of the parcel is paved with asphalt and cement curbing. The remaining 20% is graveled.

Utility services at the site are provided by the following:

electric: Public Service Company of New Mexico (PNM)

water: Albuquerque Bernalillo County Water Utility Authority (ABCWUA)

2.2 PROCESSES AND MATERIAL USE

2.2.1 Current Operations

The subject property is currently configured as a secured, lighted, unattended vehicle parking lot.

2.2.2 Discontinued Operations

According to the site contact, the subject property had been only a vacant lot prior to installation of the parking lot features.

2.3 ENVIRONMENTAL SETTING

The subject property is located at an elevation of approximately 5,300 feet above mean sea level. The surface topography of the subject property is relatively level and topographic relief across the site is to the northwest. The surface water nearest to the subject property is the Rio Grande which is located approximately 4.25 miles to the west of the subject property. Surface water drainage in the general vicinity of the site is toward the northwest.

Albuquerque is located within the Albuquerque Basin, one of several fault-bounded structural depressions in the Rio Grande rift system. The geologic formations underlying the Albuquerque area can be divided into two separate geologic units: the Santa Fe Formation and recent alluvium of the Rio Grande. These deposits consist primarily of discontinuous layers of clay, silt, sand, gravel, and interbedded volcanic rocks.

The Albuquerque Basin Aquifer consists of the saturated portions of the Santa Fe Formation and the overlying alluvial fan deposits and valley alluvium. The aquifer ranges in thickness between 600 and 3,000 feet, with saline waters occurring at greater depths. Groundwater in the basin generally occurs under unconfined conditions, but may be locally confined by beds of silt or clay. At the present time, regional groundwater flow on the east side of the Rio Grande is primarily from west to east toward municipal well fields.

However, bedrock topography, recharge and discharge areas, soil and bedrock heterogeneity, and proximity to water pumping wells can influence groundwater flow direction. Confirmation of the direction of groundwater flow beneath the subject property is beyond the scope of a Phase I Environmental Site Assessment. A USGS Topographic Map is provided as Figure 1.

2.4

ADJACENT PROPERTIES

The subject property is located in a predominantly residential area and land use within a one-mile radius of the subject property includes commercial, residential, and light industrial properties. Although ERM did not conduct an inspection of adjacent properties, the following businesses/property uses were identified near the subject property:

Table 1

Surrounding Land Use

<i>Direction</i>	<i>Adjacent Land Use Description</i>	<i>Adjacent Land Use Observations</i>
North	Apartments/residential	No features of environmental concern
East	Apartments/residential	No features of environmental concern
South	Commercial/retail	No features of environmental concern
West	Apartments/residential	No features of environmental concern

A site location map is provided as Figure 2.

During the site reconnaissance, ERM inspected installed features supporting the site's use as a parking lot. This included fencing, lighting, electrical, landscape irrigation, paving and surfacing, and storm water conveyance. A site layout map is provided as Figure 3.

ERM was not able to contact persons having a long-term knowledge of the subject property prior to its current use.

The following subsections describe any observed hazardous substances, evidence of storage tanks, PCB-containing equipment, water/waste water management practices, and potential land disposal areas. Any evidence of staining, releases, or odors is discussed in the appropriate sections below. Photographs taken during the site inspection are included in Appendix B.

3.1 EVIDENCE OF HAZARDOUS SUBSTANCES

Several discreet examples of staining were observed on the asphalt (Photograph #1). These features were all very small in size and represent *de minimis* releases consistent with leaks from parked vehicles.

3.2 EVIDENCE OF STORAGE TANKS

Observations during the site reconnaissance confirmed the absence of aboveground storage tanks. Evidence of underground storage tanks (i.e., fill ports, vents, fuel pumps) was not observed.

3.3 INDICATIONS OF PCBs

ERM inspected the subject property for types of equipment that have been historically associated with the use of PCBs as a dielectric fluid coolant and stabilizer. ERM observed one pole-mounted transformer at the southern property boundary (Photograph #2). This equipment is owned by PNM. ERM did not observe any labels relating to PCB content on the equipment. The equipment appeared to be in good condition with no evidence of leaking.

In general, legal and financial responsibility for PCB-containing equipment lies with the equipment owner; however, if another party causes the equipment to fail, financial and legal responsibility may be transferred to the responsible party.

ERM observed no evidence of on-site dumping or landfilling during the site inspection. A slight rise was observed in the graveled area, although this feature appears most likely to be the result of surface stabilization in the unpaved area. The records review also did not identify any on-site dumping.

WATER AND WASTE WATER MANAGEMENT

ERM evaluated the site for drains and sumps, septic systems, wastewater discharges, pits, ponds or lagoons, and on-site wells. Wastewater is generated at the site only from storm water run off and irrigation overspray. No subsurface storm water conveyances were observed during the site inspection.

EVIDENCE OF ASBESTOS-CONTAINING MATERIALS

A cursory visual inspection of potential asbestos-containing materials in easily accessible areas was conducted. No potential ACM was observed during the site visit.

It should be noted that no samples were collected and analyzed. This type of preliminary screening should not be interpreted as a comprehensive asbestos assessment. A limited screening such as this cannot confirm the absence of asbestos in a building. In addition, the screening is not intended to evaluate the extent or condition of potential ACMs nor does ERM warrant that all potential ACMs at the subject property have been identified.

To determine past uses of the subject property and surrounding properties, ERM reviewed historical sources of information as outlined below.

Table 2 **Summary of Historical Records Reviewed**

<i>Source of Information</i>	<i>Years Reviewed</i>	
	<i>Subject Property</i>	<i>Adjacent Properties</i>
Sanborn Fire Insurance Company Map(s)	Not available	Not available
USGS Topographic Map(s)	1934, 1938, 1960, 1967, 1972, and 1990	1934, 1938, 1960, 1967, 1972, and 1990
Local Planning Map(s)	1976	1976
City Directories (organized by address)	Not reviewed	Not reviewed
Aerial Photograph(s)*	1935, 1968, 1972, 1976, 1986, 1999, and 2000	1935, 1968, 1972, 1976, 1986, 1999, and 2000
Title Search for Environmental Liens	Not requested or provided	Not available
Other	N/A	N/A

4.1 **SUBJECT PROPERTY**

All of the historical information sources reviewed indicate that the subject property remained undeveloped until construction of the parking lot took place in the early 2000s.

4.2 **ADJACENT PROPERTIES AND SURROUNDING AREA**

All of the historical information sources reviewed indicate that the surrounding area began development after 1960 with residential and then commercial properties.

ERM reviews agency records to determine if current or historical activities on the subject property or surrounding properties present potential environmental liabilities. A summary of our findings from the records review is described in the following sections.

5.1

STANDARD TRIBAL, STATE, AND FEDERAL ENVIRONMENTAL RECORD SOURCES

Environmental Data Resources, Inc. (EDR) was contracted to conduct a database search for agency records. The EDR report is provided as Appendix C. Sites identified within the study radii were evaluated to determine if they were likely to have had an adverse impact on the subject property. The criteria used to evaluate sites located within the study radii include:

- distance from the subject property;
- expected direction of groundwater flow;
- presence/absence of large constructed features which may influence groundwater flow direction;
- likely storm water flow direction; and
- presence/absence of documented contaminant releases at the identified sites.

The identification of a site as potentially upgradient or downgradient is based on the expected direction of groundwater flow. As described in Section 2.3 of this report, groundwater beneath the subject property is expected to flow generally west to east.

The following table summarizes the databases reviewed in the EDR report and notes if sites were identified in the specified radii. The EDR report provides a list of unmapped sites for which inadequate location information was provided. ERM reviewed the list of sites and used our local knowledge to determine if any of the unmapped sites are within the study radii. If any of these sites appeared likely to be within the search radii, they are discussed in the sections that follow.

No findings were reported at the subject property address. ERM has reviewed the findings reported in the EDR report and has identified below those sites with the greatest likelihood of presenting an environmental concern to the subject property.

Table 3

Summary of Findings from EDR Report

<i>Database</i>	<i>Radius Searched</i>	<i>Sites Found</i>
National Priorities List (NPL) EPA's database of uncontrolled or abandoned hazardous waste sites identified for priority remedial actions under the Federal Superfund Program. State and tribal equivalents of the NPL are also included.	1 mile	0
Voluntary Cleanup (VCP) Compilation of two lists: 1) sites that have entered their respective state and/or tribal voluntary cleanup program; and 2) state and tribal Brownfield sites.	0.5 mile	0
Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) Compilation by the EPA of sites at which the potential exists for contamination originating from on-site hazardous substance storage or disposal. Sites designated as "NFRAP" indicate that No Further Remedial Action is Planned.	0.5 mile	0
Resource Conservation and Recovery Information System (RCRIS) Generators Facilities that are regulated based on current hazardous waste generation management activities, including any RCRA sites which have had at least one RCRA violation and/or enforcement action since 1980.	0.25 mile	3
RCRA TSD Facilities RCRA permitted treatment, storage, or disposal facilities.	0.5 mile	0
CORRACTS Site identified as needing Corrective Action after a release of a hazardous waste or constituent into the environment from a RCRA facility.	1 mile	1
Emergency Response Notification System (ERNS)/State Spills Database of public complaints and reports of unverified releases and/or incidents.	0.25 mile	0
Historical and Active Landfills Multiple sources of information identify active and inactive landfill sites (including sites known to generate methane) and illegal dump sites.	0.5 mile	0
Underground Storage Tanks (USTs)/Aboveground Storage Tanks (ASTs) List of sites that have notified the New Mexico Environment Department Petroleum Storage Tank Bureau of the presence of USTs at their property since 1986, and list of aboveground tanks that have been inspected by the State Fire Marshal.	0.25 mile	3
Leaking Underground Storage Tanks (LUSTs) List of closed or unremediated reported leaking underground storage tanks.	0.5 mile	3
Institutional Control/Engineering Control Registries (AUL) List of federal, state, and tribal sites with activity and use limitations (AULs).	0.25 mile	0

The following sites from the EDR report were identified which are potentially upgradient or near enough (within one-eighth mile) to impact the subject property, although none are listed as having active releases:

Table 4 Selected Sites Identified by EDR Report

<i>Site Name</i>	<i>Location Relative to Subject Property</i>	<i>Identified Concern(s)</i>
MR BS PAINT & BO/SH INC	650 feet upgradient to the southeast	RCRA CESQG ²
RAS 6 4348	1,011 feet upgradient to the south/southeast	UST
GIBSON TEXACO AUTO CLNIC	1,075 feet upgradient to the south/southeast	UST, LUST ¹
AMERICAN PRIDE CLEANERS	1,187 feet upgradient to the west	RCRA-SQG ² , FINDS
LOVELACE HEALTH SYSTEMS	1,309 feet upgradient to the south/southwest	RCRA-SQG ² , FINDS

¹ The status of the LUST site is "no further action required," which has been defined by the New Mexico Environment Department as a site where actions taken have met the criteria that the state uses for determining adequate clean up.

² Conditionally Exempt Small Quantity Generators (RCRIS-CESQG) generate less than 100 kg of hazardous waste per month. Small Quantity Generators (RCRIS-SQG) generate 100 kg or more but less than 1,000 kg of hazardous waste per month. Large Quantity Generators (RCRIS-LQG) generate 1,000 kg or more of hazardous waste per month.

ERM reviewed the remaining sites identified in the EDR report and determined that the sites were not likely to impact the subject property based on distance from the subject property, location with respect to predicted groundwater flow direction, and/or reported conditions at the site (i.e., no releases reported, no corrective actions required).

The following table summarizes the data gap identified during the site assessment. The significance of the data gap with respect to the conclusions of this assessment is presented in Section 7.0.

Table 5 *Data Gap Summary*

<i>Data Gap</i>	<i>Sources Consulted to Address Data Gap</i>	<i>Significance¹</i>
Persons familiar with historical uses of the subject property were not interviewed.	In lieu of the interviews, ERM consulted additional historical information sources to verify the subject property remained undeveloped prior to its current use.	Low

¹ *Significance to identifying conditions indicative of releases or threatened releases to the subject property is rated from low to high.*

CONCLUSIONS

ERM has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-05 of the Virginia Place Addition, Lot A-1, Block 20 in Albuquerque, New Mexico. Any exceptions to, or deletions from, this practice are described in Section 1.3 of this report.

7.1

ON SITE

Based on the tasks associated with this assessment, no recognized environmental conditions were identified on the subject property.

7.2

OFF SITE

Based on the tasks associated with this assessment, no recognized environmental conditions were identified in the vicinity which are likely to adversely impact the subject property.