

APPENDIX E

Phase I ESA



PHASE I ENVIRONMENTAL SITE ASSESSMENT



555 E. VALLEY PARKWAY, 456, 644-660 E GRAND AVENUE, 121-141 N FIG
STREET
ESCONDIDO, CALIFORNIA 92025

Prepared For:

CBRE
4365 Executive Drive, Suite 1600
San Diego, CA 92025

July 20, 2017

Hillmann Project No: C3-6895

Your Property. Our Priority.

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July 20, 2017

Ms. Rachel Parsons
CBRE
4365 Executive Drive, Suite 1600
San Diego, CA 92025

RE: Phase I Environmental Site Assessment

555 E. Valley Parkway, 456 E Grand Avenue, 121-141 N Fig Street
Escondido, California 92025
Hillmann Project Number: C3-6895

Dear Ms. Parsons:

Hillmann Consulting, LLC, is pleased to provide the results of our Phase I Environmental Site Assessment of the above referenced property. This assessment was performed in accordance with the scope and limitations of ASTM Practice E 1527-13, which is the latest version of the E1527 standard published by the ASTM, and All Appropriate Inquiries (AAI) Final Rule 40 CFR Part 312.

This report is for the exclusive use of the entities named on the front cover, and no other party shall have any right to rely on any service provided by Hillmann Consulting, LLC, without prior written consent.

We appreciate the opportunity to provide environmental due diligence services. If you have any questions concerning this report, or if we can assist you in any other matter, please contact the Project Manager at (714) 634-9500.

Very Truly Yours,
Hillmann Consulting, LLC

Stephen Bartlett
Environmental Technician

David Rutherford
Director, Due Diligence

Your Property. Our Priority.

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List of Abbreviations/Acronyms

Hillmann may use the following abbreviations and acronyms for common terminology described in our report. Not all abbreviations or acronyms may be applicable to this report:

ACM	– Asbestos Containing Material
AST	– Aboveground Storage Tank
ASTM	– American Standard for Testing Materials
CERCLA	– Comprehensive Environmental Response Compensation and Liability Act
CERCLIS	– Comprehensive Environmental Response Compensation and Liability Information System
CESQG	– Conditionally Exempt Small Quantity Generator
CORRACTS	– Corrective Action Sites
CREC	– Controlled Recognized Environmental Condition
DNPL	– Delisted National Priority List
DTSC	– Department of Toxic Substances Control
ENG	– Engineering
ERNS	– Emergency Response Notification System
FOI	– Freedom of Information
FOIA	– Freedom of Information Act
FOIL	– Freedom of Information Letter
HVAC	– Heating Ventilation & Air Conditioning
HREC	– Historic Recognized Environmental Condition
IAQ	– Indoor Air Quality
INST	– Institutional
LBP	– Lead-Based Paint
LQG	– Large Quantity Generator
LUST	– Leaking Underground Storage Tank
MSDS	– Material Safety Data Sheet
NFA	– No Further Action
NFRAP	– No Further Remedial Actions Planned
NPDES	– National Pollutant Discharge Elimination System
NPL	– National Priority List
RCRA	– Resource Conservation and Recovery Act
RCRIS	– Resource Conservation and Recovery Information System
REC	– Recognized Environmental Condition
RWQCB	– Regional Water Quality Control Board
SCAQMD	– South Coast Air Quality Management District
SQG	– Small Quantity Generator
TSDF	– Treatment Storage and/or Disposal Facility
USEPA	– United States Environmental Protection Agency
UST	– Underground Storage Tank

1.0 EXECUTIVE SUMMARY

Hillmann Consulting, LLC (Hillmann), performed a Phase I Environmental Site Assessment (ESA) of 555 East Valley Parkway, 456, 644-660 East Grand Avenue, and 121-141 North Fig Street in Escondido, California (the “Property”). This assessment has been conducted in accordance with the ASTM Standard Practice E 1527-13 for Phase I Environmental Site Assessments and All Appropriate Inquiries (AAI) Final Rule 40 CFR Part 312.

1.1 Project Details Summary Table

A summary of the pertinent details of the project is provided below:

PROJECT SUMMARY TABLE					
Name of Client		CBRE			
Client Project No.:		N/A			
Client Contact:		Ms. Rachel Parsons			
Description of Project		Phase I Environmental Site Assessment			
Project Name:		N/A			
Street Address:		555 East Valley Parkway, 45, 644-660 E. Grand Avenue, 121-141 N. Fig Street			
City:	Escondido	County:	San Diego	State:	California
Tax ID/Parcel Number:		229-450-06-00, 229-450-05-00, 229-442-18-00, 229-442-04-00, 229-442-03-00, 760-246-09-00, 229-442-01-00, 230-163-01-00, 230-163-02-00, 230-163-05-00, 760-246-09-00			
Zoning Designation:		Commercial /Hospital			
Approx. Property Area:		13.66 Acres			
Approximate Building Area:		392,098 SF			
Year Built:		1954			
General Type of Usage:		Hospital/Offices			
Property Owner:		Palomar Pomerado Health			
Occupant(s):		Palomar Pomerado Health			
Assessment Personnel:		Mr. Stephen Bartlett			
Property Contact:		Ms. Rachel Parsons			
Property Escort(s):		Mr. Dan Farrow			
Inspection Date:		July 10, 2017			
Weather Conditions:		Clear, 80 degrees F			

1.2 Findings Summary Table

The following table summarizes the key findings of this assessment. This table, alone, does not constitute the complete assessment. The report must be reviewed in its entirety.

Assessment Section	No Sig. Concern	Potential Env Concern	REC	Recommended Follow-up	Rep. Ref.
User Provided Info		User provided records indicated a minor petroleum release was discovered during the replacement of UST piping in 2016. The San Diego DEH reviewed the records and determined "No Further Action" was required.	HREC	None at this time	3.0
Data Gaps	X				2.5
Regulatory Review		On-site LUST listing for 100 Valley Blvd; a kerosene release impacting soils reported in 1989 during a UST closure. Removal and disposal of contaminated soils was recommended. A facility status of "Closed Case" as of 04/18/1990 was indicated.	HREC	Assess former UST location for subsurface impact	4.1
Historical Review		Property historically used as an auto service station	REC	Phase II Environmental Site Investigation	4.4
Site Use		Staining from oil/diesel was noted around the base of three of the four emergency generators in the main plant and the old emergency generator.	REC	Clean up the impacted area; assess for potential impacts to the property sub-surface	5.2
Adjoining Properties		Adjoining LUST site with residual GW contamination	REC		4.1.2 5.2.8
Hazardous Materials	X				5.3
Bulk Petroleum Storage		Active diesel USTs on-site, including one 10,000-g. UST and one 3,000-g. UST. The USTs were installed in 1987 and upgraded in 2003.	REC	Conduct integrity testing; assess for impacts to the subsurface.	5.3

Assessment Section	No Sig. Concern	Potential Env Concern	REC	Recommended Follow-up	Rep. Ref.
		Historic USTs included one 6000-g. diesel and two 5,000-g. diesel USTs, removed in 1987; a 550-g. waste oil UST removed in 1989 and a 550-g. waste oil UST removed in 1999; and a kerosene UST removed in 1989.	REC	Assess former UST locations for subsurface impacts.	
PCBs	X				5.3
Waste / Discharges	X				5.3
Asbestos Containing Materials (ACM)		Potential for ACM on Property		Compliance with regulations	7.1
Lead Based Paint (LBP)		Potential for LBP on Property		Compliance with regulations	7.2
Radon	X				7.3
Mold	X				7.4
Wetlands	X				7.5

NA = Not Applicable, TBD = To Be Determined, UNK = Unknown

1.3 General Description, Current and Historic Property Use

The Property consists of eleven parcels on a medical campus at the intersection of Valley Parkway and East Grand Avenue. The site is currently occupied by a hospital, various medical offices, and an office building. The total Property area is approximately 13.66 acres. The Property is located in a suburban developed area characterized by a mix of commercial properties, single and multi-family homes, and apartments. The main hospital located in the central portion of the Property is located at the crown of a small hill, with terrain sloping gently downwards in all directions from the crown. No natural surface bodies of water were observed.

The Property appears to have first been developed with a commercial building circa 1892 which was used as a store and two residences. By 1907, the commercial structure and residences were replaced with a large commercial structure labeled Hotel Escondido. The western portion of the Property was developed with three residences. Circa 1927, the hotel was demolished, the eastern portion of the Property was developed with a residence, and the western portion of the Property was developed with two additional structures. By 1940, the western portion of the central parcel was developed with three buildings labeled, fire station, jail, and city hall. By 1949, additional commercial structures were developed on the western portion of the Property, and the main hospital wing was constructed on the central portion of the Property. By 1953, additional wings were constructed on the hospital and additional residences were constructed on the western portion of the Property. Circa 1964, another hospital wing was added, and two medical office buildings were constructed on the eastern side of the Property. By 1967, an additional medical office building was constructed on the eastern side of the Property. Circa 1970, a large tower was constructed on the central portion of the Property. By 1985, the three buildings on the western

side of the central portion were demolished and replaced with a storage yard. Circa 1995, the storage yard was replaced with a grassy area. Circa 2005, the residences on the western portion of the Property were replaced with an office building, a parking lot, and a small storage building.

1.4 Findings, Opinions, and Conclusions

1.4.1 Notable Findings

The northwestern portion of the Property, located at 451 East Valley Parkway operated as an auto repair shop from approximately 1949 to 1975. Due to the potential for soil and groundwater contamination as a part of improper disposal of hazardous substances and petroleum products at the service station, the historical use of that portion of the Property as a service station constitutes a REC.

During the site visit, significant staining of the concrete around the base of three of the four emergency generators and the older emergency generator was noted from diesel/oil. Due to the potential for the oil/diesel to seep under the pad and contaminate the soil underneath, this staining constitutes a REC.

One (1) 3,000-gallon diesel UST and one (1) 10,000-gallon diesel UST were observed at the Property. The tanks were reportedly for use by the emergency generators at the main hospital building. The tanks are double walled-steel tanks. No evidence of stained pavement was observed around the locations of the two tanks. As there has been no soil sampling in the vicinity of the tanks there is the potential for an undocumented release into the soil which constitutes a REC.

Monitoring wells were noted at the Valley Parkway Health Center, adjoining to the west, as part of ongoing monitoring after a LUST case at the site. No monitoring wells were noted on the Property. Due to no monitoring wells being present on the Property, the site's elevation being approximately 14 feet lower and down and cross gradient from the Property it is unlikely that the groundwater under the Property was contaminated. However, because the site is adjoining the Property, a potential vapor encroachment impact to the property cannot be ruled out. Therefore, these adjoining site listings are considered to be a REC in connection with the Property

Several USTs were formerly located at the Property, including two (2) 5000-gallon diesel USTs, one (1) 6,000-gallon diesel UST, two 550-gallon waste oil USTs and a kerosene UST of undetermined capacity. These USTs were removed in the late 1980s, as documented by San Diego County Department of Environmental Health records, with no unresolved regulatory cases found. However, Hillmann cannot rule out the potential that residual petroleum contamination may be encountered in the former UST locations in the event of redevelopment. Therefore, the historical USTs are considered to be a REC in connection with the Property.

A User provided tank closure report for last year indicated that ~128 feet of piping were removed due to a leak in the piping. Soil sampling indicated petroleum hydrocarbons present in two samples and the report was forwarded to the San Diego County Department of Environmental Health. The DEH determined No Further Action was required. Due to the DEH determining that No Further Action was required, the release from the piping on the Property is considered to be a HREC in connection with the Property.

1.4.2 Non-ASTM Scope Considerations

Hillmann has also performed preliminary evaluations for ASTM “Non-Scope” items, such as asbestos-containing materials (ACM), lead-based paint, radon, mold and wetlands. Our observations and research did not identify any notable concerns, except for the following:

Considering the dates of construction of the existing buildings, asbestos containing materials (ACM) may be present at the Property. Suspected ACM observed during a preliminary visual screening included roofing materials, plaster walls, drywall, ceiling tiles, cove base, adhesive, and stucco. It is possible that additional quantities of suspect ACM may exist in enclosed areas or areas not accessed during the assessment. It is emphasized that this limited screening does not constitute a comprehensive asbestos survey of the premises and is meant only to provide a preliminary evaluation regarding the potential presence of ACM at the Property.

Considering the dates of construction of the existing buildings, lead-based paint may be present at the Property. In general, interior painted surfaces within the space were observed to be in fair condition. It is emphasized that this limited screening does not constitute a comprehensive lead-based paint survey of the premises and is meant only to provide a preliminary evaluation regarding the potential presence of LBP at the Property.

1.4.3 Significant Data Gaps

No data gaps that significantly impacted Hillmann’s ability to identify RECs in connection with the Property have been identified.

1.4.4 Recognized Environmental Conditions

Hillmann has performed a Phase I Environmental Site Assessment in accordance with the scope and limitations of ASTM Practice E 1527-13 of the Property as described in Section 2 of this report. Any additions to, exceptions to, or deletions from this practice are also described in Section 2 of this report. This assessment has revealed no evidence of *recognized environmental conditions* in connection with the Property, except for the following:

Recognized Environmental Conditions (RECs):

- The northwest portion of the Property, located at 451 East Valley Parkway historically operated as an auto repair shop from approximately 1949 to 1975, Due to the potential for soil and groundwater as a part of improper disposal of hazardous substances and petroleum products at the service station, the historical use of that portion of the Property as a service station constitutes a REC.
- During the site visit, severe staining of the concrete around the base of three of the four emergency generators and the older emergency generator was noted from diesel/oil. Due to the potential for the oil/diesel to seep under the pad and contaminate the soil underneath, this staining constitutes a REC.

- One (1) 3,000-gallon UST and one (1) 10,000-gallon UST were observed at the Property. The tanks were reportedly full of diesel for use by the emergency generators at the main hospital building. The tanks are double walled-steel tanks. No evidence of stained pavement was observed around the locations of the two tanks. As there has been no soil sampling in the vicinity of the tanks there is the potential for an undocumented release into the soil which constitutes a REC.
- Former UST locations, including two (2) 5000-gallon diesel USTs, one (1) 6,000-gallon diesel UST, two 550-gallon waste oil USTs and a kerosene UST of undetermined capacity, are considered to be a REC in connection with the Property due to the potential that residual petroleum impacts to the subsurface may be discovered upon redevelopment of the site.
- A western adjoining property located at 488 Valley Parkway East was listed in the LUST database. The San Diego Co. SAM listing indicates that a status of “Closed Case” as of 03/16/2006 and that a drinking water aquifer was mitigated at the site. Monitoring wells were noted on the adjoining site, however no monitoring wells were noted on the Property. This along with the Property’s up-gradient location indicates that it is unlikely that groundwater contamination has migrated beneath the Property. However, because the site is adjoining the Property, a potential vapor encroachment impact to the property cannot be ruled out. Therefore, the adjoining LUST site is considered to be a REC in connection with the Property.

Controlled Recognized Environmental Conditions (CRECs):

- No evidence of any CRECs in connection with the Property was identified.

Historical Recognized Environmental Conditions (HRECs):

- A closed LUST case for 100 Valley Parkway was identified on the southwest portion of the Property. This constitutes a HREC in connection with the Property.
- The minor petroleum release discovered during UST piping replacement in 2016, and for which the SDDEH determined no further action was required, is considered to be a HREC in connection with the Property.

1.5 Recommendations

1.5.1 Recognized Environmental Conditions

Based on the findings of the Phase I Environmental Site Assessment Hillmann recommends that a comprehensive Phase II Site Investigation be performed to further assess the identified RECs.

The petroleum stained surfaces around the emergency generators should be cleaned up; and area assessed for potential subsurface impacts.

Follow all state and local laws for proper tank closure and removal when the Property is redeveloped.

1.5.2 Non-ASTM Considerations

The following should be considered with regard to further investigation or management of Non-ASTM considerations addressed by this report:

- Compliance with all applicable rules and regulations pertaining to the presence of ACM and lead based paint at the Property. The Property should be surveyed for ACM and lead based paint prior to demolition of the Property

2.0 INTRODUCTION

2.1 Purpose and Scope

This assessment was conducted utilizing generally accepted Phase I ESA industry standards in accordance with the ASTM Standard Practice E 1527-13. The ASTM describes these methodologies as representing good commercial and customary practice in the United States of America for conducting an environmental site assessment of a parcel of commercial real estate with respect to the range of contaminants within the scope of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and petroleum products. As such, this practice is intended to permit a user to satisfy one of the requirements to qualify for the innocent landowner, contiguous property owner or bona fide prospective purchaser limitations on CERCLA liability (hereinafter, the “landowner liability protections,” or “LLPs”): that is, the practice that constitutes all appropriate inquiries into the previous ownership and uses the property consistent with good commercial and customary practice as defined at 42 U.S.C. §9601(35) (B). The primary goal of the processes established by ASTM E1527-13 is to identify *recognized environmental conditions* in connection with the Property.

The term *recognized environmental condition (REC)* is defined by the ASTM as the presence or likely presence of any hazardous substances or petroleum products in, on or at a property: (1) due to a release to the environment; (2) under conditions indicative of a release to the environment; or (3) under conditions that pose a material threat of a future release to the environment.

The ASTM has also defined the terms *historical recognized environmental conditions* and *controlled recognized environmental conditions* as two additional types of RECs. The term *historical recognized environmental condition (HREC)* is defined as a past release of any hazardous substances or petroleum products that has occurred in connection with the Property and has been addressed to the satisfaction of the applicable regulatory authority or meeting unrestricted use criteria established by a regulatory authority, without subjecting the Property to any required controls (for example, property use restrictions, activity and use limitations, institutional controls or engineering controls).

The term *controlled recognized environmental condition (CREC)* is defined as a recognized environmental condition resulting from a past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority, with hazardous substances or petroleum products allowed to remain in place subject to the implementation of required controls.

Conditions determined to be “*de minimis conditions*” are not considered to be RECs nor CRECs. *De minimis condition* is defined by the ASTM as a condition that generally does 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.”

The chief components of this assessment are described as follows:

- A non-invasive visual reconnaissance of the Property and adjoining properties in accordance with ASTM guidelines for evidence of RECs.

- Interviews of past and present owners and occupants and state and local government officials, seeking information related to the potential presence of RECs at the Property.
- A review of standard physical record sources for available topographic, geologic and groundwater data.
- Review of standard historic record sources, such as fire insurance maps, city directories, aerial photographs, prior reports and interviews, etc., to determine prior uses of the Property from the present, back to the Property's first developed use, or back to 1940, whichever is earlier.
- Review of standard environmental record sources including federal and state environmental databases, and additional environmental record sources, to identify potential regulatory concerns with the Property, adjoining properties and properties located within the surrounding area.

These methodologies are described as representing good commercial and customary practice for conducting an Environmental Site Assessment of a property for the purpose of identifying recognized environmental conditions.

2.1.1 Non-ASTM Scope Considerations

In accordance with our contract agreement, Hillmann may have addressed the following potential environmental concerns that are outside of the requirements of the ASTM E1527-13 standard:

Asbestos-Containing Materials (ACM): A preliminary visual inspection for the presence of suspect ACM within the accessed areas of buildings on the Property.

Lead-Based Paint (LBP): A preliminary visual inspection of the condition of painted surfaces in the accessed areas of buildings on the Property.

USEPA Designated Radon Potential: Review of general non-site specific data published by the USEPA regarding the potential for elevated indoor levels of radon gas to occur in the area of the Property.

Mold: A preliminary visual inspection within the accessed areas of buildings on the Property for evidence of systemic microbial problems, including visible mold growth, water damaged building materials or musty odors.

Wetlands: A preliminary review of data published by the US Fish and Wildlife Service regarding the presence or absence of mapped wetlands on the Property. The US Fish and Wildlife Service wetlands data is typically provided to Hillmann by Environmental Data Resources, Inc. (EDR).

2.2 Property Location/Legal Description

The Property is located at 555 E. Valley Parkway, 456 E. Grand Avenue, 121-141 N. Fig Street, in Escondido, California. The legal designations of the Property are Assessor's Parcel Numbers (APNs) 229-450-06-00, 229-450-05-00, 229-442-18-00, 229-442-04-00, 229-442-03-00, 760-246-09-00, 229-442-01-00, 230-163-01-00, 230-163-02-00, 230-163-05-00, and 760-246-09-00. The Property is located on the medical campus between Valley Parkway and East Grand Avenue. The latitude and longitude of the Property is approximately North 33.1254 degrees, and West 117.0751 degrees.

2.3 Significant Assumptions

The following significant assumptions are made:

- Hillmann can neither warrant nor guarantee the accuracy or completeness of the information obtained from EDR during the course of this assessment.
- Hillmann can neither warrant nor guarantee the accuracy or completeness of information that was obtained from ostensibly knowledgeable individuals, regulatory agency representatives or other secondary sources.
- Hillmann has assumed that the site operations at the time of the site visit reflect typical site conditions relative to potential environmental conditions and that no concealment of environmental conditions or releases by site owners or occupants has occurred. Likewise, Hillmann has also assumed that no areas of the Property with potential environmental concerns or RECs were concealed or otherwise not made known to us, intentionally or unknowingly, by the Property owners/occupants and/or site escort at the time of the site visit.
- For the purpose of estimating the approximate direction of groundwater flow in the absence of site specific groundwater data, unless indicated otherwise, Hillmann has assumed that the gradient of groundwater flow follows the surface topography of the Property and immediate surrounding area.

2.4 Limitations and Exceptions

2.4.1 Limiting Conditions

Hillmann was unaware of any significant limiting conditions at the time of the assessment.

2.4.2 Other Exceptions or Deletions:

No exceptions or deletions from the ASTM Standard E 1527-13 are reported.

2.5 Data Gaps

A *data gap* is defined by the ASTM as a lack of or inability to obtain information required by this practice despite good faith efforts by the environmental professional to gather such information. A data gap is only significant if other information and/or professional experience raises reasonable concerns involving the data gap and the ability to determine the presence or absence of recognized environmental conditions.

Data Gap:	Significant (Yes/No)?	Discussion
Response to agency records requests not received as of date of report.	No	Any additional information indicative of a REC will be forwarded upon receipt.

2.6 Special Terms and Conditions

Hillmann has prepared this Phase I Environmental Site Assessment using reasonable efforts in each phase of its work to identify recognized environmental conditions associated with hazardous substances, wastes and petroleum products at the Property. The methodology of this Phase I Environmental Site Assessment was consistent with the ASTM Standard Practice for E 1527-13. Findings within this report are based on information collected from observations made on the day of the site visit and from reasonably ascertainable information obtained from governing public agencies and private sources.

This report is not definitive and should not be assumed to be a complete or specific definition of the conditions above or below grade. Information in this report is not intended to be used as a construction document and should not be used for demolition, renovation or other construction purposes. Hillmann makes no representation or warranty that the past or current operations at the Property are, or have been, in compliance with all applicable federal, state and local laws, regulations and codes.

Findings, conclusions and recommendations presented in this report are based on our visual observations of the Property, the research findings reasonably obtained, information provided by the Client, and/or a review of readily available and supplied drawings and documents. Hillmann relies completely on the information, whether written, graphic or verbal, provided by the subject Property contact(s) or as shown on any documents reviewed or received from the subject Property contact, owner or agent, or municipal source, and assumes that information to be true and correct. Although there may have been some degree of overlap in the information provided by these various sources, Hillmann did not attempt to independently verify the accuracy or completeness of all information reviewed or received during the course of this assessment.

Regardless of the findings stated in this report, Hillmann is not responsible for consequences or conditions arising from facts that were concealed, withheld or not fully disclosed at the time the assessment was conducted.

This report does not warrant against future operations or conditions, nor does it warrant against operations or conditions present of a type or at a location not investigated.

The regulatory database report provided is based on an evaluation of the data collected and compiled by a contracted data research company. The report focuses on the Property and neighboring properties that could impact the Property. Neighboring properties listed in governmental environmental records are identified within specific search distances. The search distance varies depending upon the particular government record being checked. The regulatory research is designed to meet the requirements of ASTM Standard E 1527-13. The information provided in the regulatory database report is assumed to be correct and complete.

Subsurface conditions may differ from the conditions implied by the surface observations and can only be reliably evaluated through intrusive techniques.

Reasonable efforts have been made during this assessment to identify aboveground and underground storage tanks and ancillary equipment. "Reasonable efforts" are limited to information gained from visual observation of largely unobstructed areas, recorded database information held in public record and available information gathered from interviews. Such methods may not identify subsurface equipment that may have been hidden from view due to parked automobiles and other vehicles, snow cover, vegetative growth, pavement, construction or debris pile storage or incorrect information from sources.

Unless otherwise specified in Section 2.1 of this report, an ASTM Vapor Encroachment Screening of the Property utilizing the information collected during the course of this assessment is excluded from the scope of service for this assessment.

Hillmann is not a professional title insurance firm and makes no guarantee, explicit or implied, that the records which were reviewed represent a comprehensive or precise delineation of past Property ownership or tenancy for legal purposes.

In the event of any conflict between the terms and conditions of this report and the terms and conditions of the consulting services agreement between CBRE and Hillmann Consulting, the consulting services agreement shall control.

3.0 USER PROVIDED INFORMATION

3.1 Prior Environmental Reports/Documentation

AGE Project No. 16-3820, Soil Sampling During Piping Upgrade, 555 East Valley Parkway, Escondido, CA prepared by Advanced GeoEnvironmental, Inc. and dated July 26, 2016, The report is in regards to the removal of approximately 95 feet of piping following the failure of a primary line into the secondary line. AGE reported that TPH-g, TPH-d, and TPH-o were detected in one soil sample at 27.8 mg/kg, 830 mg/kg, and 78.9 mg/kg respectively. AGE also reported that TPH-g, TPH-d, and TPH-o were detected in one soil sample, SP-1, at 12.1 mg/kg, 392 mg/kg, and 35.2 mg/kg respectively. Based on the results, AGE concluded that there was evidence of a release and recommended forwarding the report to the San Diego Department of Environmental Health (SDDEH). A copy of the SDDEH's review of the soil sampling report was also provided, which indicated that they concluded "No Further Action Required" on August 17, 2016.

3.2 Title Records/Environmental Liens/Activity and Use Limitations

Review of title records is not included in the scope of work for this assessment project. No information regarding environmental liens or activity and use limitations was provided to Hillmann by the Client.

3.3 Specialized Knowledge or Experience

No indication of any specialized knowledge or experience regarding the Property was reported to Hillmann by the Client.

3.4 Commonly Known or Reasonably Ascertainable Information

No commonly known or specialized knowledge of the Property was reported to Hillmann by the Client.

3.5 Property Value Reduction due to Environmental Conditions

No information was provided by the Client to Hillmann regarding a reduction of the Property value due to environmental problems or conditions.

3.6 Reason for Performing Phase I ESA

It is Hillmann's understanding that the Phase I ESA was being performed in consideration of a pending real estate transaction involving the Property.

4.0 RECORDS REVIEW

4.1 Standard Environmental Record Sources

An EDR Radius Map report was obtained from Environmental Data Resources of Shelton, CT. The EDR Radius Map Report provided a search of standard environmental record sources in general accordance with the requirements of the ASTM E1527-13. Hillmann has reviewed the EDR Radius Map report and a summary of findings is presented in the following tables and report sections. Hillmann also reviewed the list of unmapped sites (referred to by EDR as “Orphan List” sites). Unmapped sites identified as falling within an applicable specific search distance or warranting discussion in the report, if any, have been included in the information presented below. Detailed descriptions of the meaning and significance of the regulatory databases can be found in the EDR Radius Map Report in Appendix E.

Regulatory Database	Search Distance	Property Listed?	Adj. Properties Listed?	Total Listings Within Search Distance
Fed. NPL/Proposed NPL	1-mile	No	No	0
Fed. Delisted NPL	½-mile	No	No	0
Fed. CERCLIS (SEMS)	½-mile	No	No	0
Fed. CERC-NFRAP (SEMS Archive)	½-mile	No	No	1
Fed. RCRA CORRACTS	1-mile	No	No	0
Fed. RCRA TSD	½-mile	No	No	0
Fed. RCRA LQG	Site & Adj.	Yes	No	
Fed. RCRA SQG	Site & Adj.	No	Yes	
Fed. RCRA CESQG	Site & Adj.	No	No	
Fed. ENG Control List	Site	No		
Fed. INST Control List	Site	No		
Fed. ERNS	Site	No		
State/Tribal Hazardous Waste Site	1-mile	No	Yes	8
State/Tribal Landfill/Solid Waste	½-mile	No	No	0
State/Tribal Leaking Storage Tanks	½-mile	Yes	Yes	41
State/Tribal Registered Storage Tanks	Site & Adj.	Yes	No	
State/Tribal Eng. Control List	Site	No		
State/Tribal Inst. Control List	Site	No		
State/Tribal Voluntary Cleanup Sites	½-mile	No	No	0
State/Tribal Brownfields	½-mile	No	No	0
Supplemental Databases	Site & Adj.	Yes	Yes	

4.1.1 Property Listings

The Property was identified on the following databases:

HAZNET, UST, CHMIRS, RCRA-LQG, HIST UST, FINDS, ECHO, EMI, SWEEPS UST, San Diego Co. HMMD – Palomar Hospital at 555 East Valley Parkway. The HAZNET listing indicates that various types of hazardous waste generated at the Property were generated between 1993 and 2015 . The UST listing indicates that the facility is registered as having at least one active UST. The first CHMIRS listing indicates an incident date of 09/20/2001, and indicates that 2,250 gallons of waste water was released into the storm system due to a stoppage in the main line, and that the discharge was cleaned up. The second CHMIRS listing indicates an incident date

of 02/22/1989, indicating that a release or spill occurred on this date with no other pertinent information. The third CHMIRS listing indicates an incident date of 05/09/2007 and indicates that 1,200 gallons of waste water was discharged into the nearby creek. The RCRA-LQG listing indicates that the facility is registered as being a large quantity generator of hazardous waste with three reported violations for not having an appropriate plan submitted. The HIST UST listing indicated that the facility was registered as having two (2) 5,000-gallon diesel USTs and one (1) 6,000-gallon diesel UST. The FINDS listing indicates that the facility is on the California Hazardous Waste Tracking System – Datamart, RCRA, Hazardous Air Pollutant Major, and Hazardous Waste Biennial Reporter databases. The EMI listing indicates that pollution was emitted from the Property in 1990, 1995 – 2006, 2009, 2010, 2013 and 2014 under the San Diego Air Pollution Control District. The ECHO listing provides a registry id of “110000898592” indicating that the facility is on the RCRA program with no reported violations. The SWEEPS UST indicates that the facility is registered as having two (2) 5,000-gallon tanks and one (1) 6,000-gallon tank with unreported statuses containing fuel; and one (1) 10,000-gallon fuel UST, one (1) 3,000-gallon fuel UST, and one (1) 550-gallon petroleum UST, all with active statuses. The San Diego Co. HMMD listing indicates that the facility is registered as having many permits related to hazardous material generation, waste generation, and USTs. The listing also indicates that the 550-gallon, 6,000-gallon, and two (2) 5,000-gallon USTs all have removed statuses and that the facility has many violations related to unlabeled waste containers, no waste plan submitted, and a hazardous waste container in poor condition.

San Diego Co. HMMD – Thomas A. Jones, M.D at 141 N. Fig Street. The San Diego Co. HMMD listing indicates that the facility is registered as having a permit from the San Diego County Hazardous Materials Division with no other pertinent information.

EDR HIST AUTO – Grice Alan J & Mary K Mrs. at 141 N. Fig Street. The EDR Historical Auto listing indicates that the facility operated as an auto repair shop from 1969 to 1975.

San Diego Co. HMMD – Escondido Hematology-Oncology at 121 N. Fig Street. The San Diego Co. HMMD listing indicates that the facility is registered as having a permit from the San Diego County Hazardous Materials Division with no other pertinent information.

San Diego Co. HMMD – Escondido Community Health Center at 141 N. Fig Street. The San Diego Co. HMMD listing indicates that the facility is registered as having a permit from the San Diego County Hazardous Materials Division with no other pertinent information.

LUST, San Diego Co. SAM, RGA LUST, HIST CORTESE, FINDS, San Diego Co. HMMD – Palomar Pomerado Hospital-100 Valley Boulevard. The LUST listing indicated that a release of kerosene impacting soils only was reported in 1989 during a tank closure. Removal and disposal of contaminated soils was recommended. The San Diego Co. SAM listing indicates a facility status of “Closed Case” as of 04/18/1990. Due to the fact that the contaminated soil from the LUST case was remediated, this listing constitutes an HREC in connection with the Property.

The RGA LUST listing reflects a LUST listing was present for the facility in 1992, 1993, and 2003. This appears to be a duplicate listing for the above noted LUST incident. The FINDS listing indicates that the facility is registered on the State Master database. The San Diego Co. HMMD listing indicates that the facility is registered as having a permit from the San Diego County

Hazardous Materials Division with no other pertinent information and that one (1) 550-gallon tank containing fuel was present at the facility with a status of “removed”. The SWEEPS UST indicates that the facility is registered as having one (1) 550-gallon tank with an unreported status.

HIST CORTESE – Proposed Parking Lot at 137 Valley. The HIST Cortese listing referenced “LTNKA” which appears to indicate that it is related to a leaking tank, with no additional pertinent information provided. Due to a similar LUST listing, Hillmann notes that this Hist-Cortese listing was plotted incorrectly by the EDR Radius Map report, and is actually for a site located 1,750 feet to the west-southwest at 137 W. Valley Parkway. The LUST listing indicated a closed status. Therefore, this listing is not considered to be a REC in connection with the Property.

4.1.2 Adjoining Property Listings

LUST, HIST CORTESE, San Diego Co. SAM – Madison Square Partnership, at 488 Valley Parkway East, adjoining to the west and at a lower elevation relative to the Property. The LUST listing indicates a status of “Post Remedial Action Monitoring” as of 01/13/1988. An aquifer was contaminated with gasoline and waste oil at the address. A leak was first discovered during a tank closure procedure on 01/13/1988 and 07/05/1988 at the address. The HIST Cortese listing indicates that the site is located in the Cortese region with no other pertinent information. The San Diego Co. SAM listing indicates that a status of “Closed Case” as of 03/16/2006 and that a drinking water aquifer was mitigated at the site. Monitoring wells were noted on the site, however no monitoring wells were noted on the Property. This along with the Property’s up-gradient location indicates that it is unlikely that groundwater contamination has migrated beneath the Property. However, because the site is adjoining the Property, a potential vapor encroachment impact to the property cannot be ruled out. Therefore, these adjoining site listings are considered to be a REC in connection with the Property.

EDR HIST AUTO – Edward J Skowronski, at 211 Valley Blvd., adjoining to the west and at a lower elevation relative to the Property. The EDR Historical Auto listing indicates that the site operated as a gasoline service station from 1969 to 1982. Due to the location of the site being downgradient from the Property, this listing is not considered to be a REC in connection with the Property.

SWEEPS UST, San Diego Co. HMMD – Escondido OB/Gyn Medical Group, at 488 E. Valley Pkwy., adjoining to the west and at a lower elevation relative to the Property. The SWEEPS UST listing indicates that the site is registered as having one (1) 550-gallon tank for petroleum waste. The San Diego Co. HMMD listing indicates that the site is registered as having several permits related to the generation of hazardous waste and two violations for not securing access to medical waste and improper labeling of medical waste. This site is considered to be a REC, as discussed above.

FINDS, RCRA-SQG, ECHO – Palomar Medical Group, at 625 E. Grand Avenue, adjoining to the east-southeast and at a lower elevation relative to the Property. The FINDS listing indicates that the site is registered on the RCRA database. The RCRA-SQG listing indicates that the site is registered as being a small quantity generator for hazardous waste with no reported violations. The ECHO listing indicates a registry id of “110002804591”, indicating that the site is on the RCRA program with no reported violations. Due to lack of reported spills or violations, and

relative topographic location, these listings are not considered to be RECs in connection with the Property.

Envirostor – Redwood Town Court, at 500 E. Valley Pkwy., adjoining to the northwest and at a lower elevation relative to the Property. The listing indicates a status of “No Action Required” as of 05/09/1997. The site type is noted as Calmortgage. A Project Wide Phase I was issued 05/09/1997. Due to site type, status, and location downgradient, this listing is not considered to be a REC in connection with the Property.

EDR HIST CLEANER – J O Knappe, at 437 E. Grand Ave., adjoining to the east-southeast and at a lower elevation relative to the Property. The EDR Historical Cleaner listing indicates that the site operated as a clothing cleaners in 1927 and as a drycleaners in from 1973 to 1975. Due to lack of reported spills or violations and location downgradient from the Property, this listing is not considered to be a REC in connection with the Property.

4.1.3 ASTM Search Distance Findings

The following is a summary of the findings of the regulatory database review with regard to sites identified as located within the ASTM specified search distance surrounding the Property. In order to keep this report informative and yet concise, Hillmann has provided a brief discussion of the listed site(s) for each database category that appears most likely to impact the Property based on distance, topography and/or case status. A copy of the full EDR Radius Map Report, including available details of all listed sites, is included in Appendix E.

Note that listings for the following databases, if identified, would be discussed above in Sections 4.1.1 and 4.1.2: Registered Storage Tanks, Federal RCRA Generators, Federal and State INST and ENG Controls, ERNS.

Federal NPL: No NPL listings were identified within a one-mile radius of the Property.

Federal Delisted NPL: No DNPL listings were identified within a ½-mile radius of the Property.

Federal CERCLIS: No CERCLIS listings were identified within a ½-mile radius of the Property.

Federal CERCLIS-NFRAP: One (1) CERC-NFRAP listing was identified within a ½-mile radius of the Property. The listing is described as Benton Burn Dump at End of Still Water Glen. This site is approximately 1,238 feet southwest and at a lower elevation relative to the Property. The listing indicates that the site does not qualify for the National Priorities List (NPL) based on existing information. Considering the distance and status, this site is not considered to be a REC in connection with the Property.

Federal RCRA-CORRACTS: No CORRACTS listings were identified within a one-mile radius of the Property.

Federal RCRA-TSD: No TSD listings were identified within a ½-mile radius of the Property.

State/Tribal Hazardous Waste Sites: Eight (8) SHWS listings were identified within a one-mile radius of the Property on the EnviroStor database. The closest listing is described in detail in Section 4.1.2. The next closest listing is described as Vacant Lot at 304 E. Grand Ave. This site is approximately 585 feet southwest and at a lower elevation relative to the Property. The listing indicates a “Refer: 1248 Local Agency” status as of 03/07/2001. The site type is noted as Evaluation. A Project Wide SB 1248 Notification was issued 03/07/2001. Considering distance and topographic relation, this site is not considered to be a REC in connection with the Property. Due to status and/or distance, none of the other seven listings represent a REC, either.

No SHWS listings were identified within a one-mile radius of the Property on the RESPONSE database.

State/Tribal Landfill/Solid Waste Disposal Sites: No SWF/LF listings were identified within a ½-mile radius of the Property.

State/Tribal leaking Storage Tanks: Thirty-four (34) LUST listings were identified within a ½-mile radius of the Property. The closest two listings are described in Sections 4.1.1 and 4.1.2. The next closest listing is described as San Diego Glass & Paint Company at 404 E. Grand Ave. This site is approximately 102 feet southwest and at a lower elevation relative to the Property. A leak was first discovered during a tank closure procedure on 01/07/1987. Soil was indicated to have been impacted by stoddard solvent/mineral spirits/distillates. The listing indicates a status of “Completed – Case Closed” as of 07/08/1993. Considering the status and only soil media was impacted, this listing is not considered to be a REC in connection with the Property. Based on various factors including distance, regulatory status and/or area topography, none of the other thirty-three listed facilities represent a REC to the Property.

Seven (7) SLIC listings were identified within a ½-mile radius of the Property. The closest listing is described as Eureka Ranch at 0 Valley. Hillmann determined that this listing was incorrectly plotted by EDR, as the California GeoTracker website shows the actual location to be several miles to the northeast and therefore it is not a REC. The closest SLIC listing, Aamco Transmissions-260 Juniper, is located approximately 758 feet to the west-southwest and down-gradient based on area topography. A closed regulatory status was indicated. Based on the distance, area topography and closed status, this listing is not considered to be a REC in connection with the Property. Based on various factors including distance, regulatory status and/or area topography, none of the other SLIC listings are considered to be a REC to the Property.

State/Tribal Voluntary Cleanup Sites: No VCP listings were identified within a ½-mile radius of the Property.

State/Tribal Brownfields: No BROWNFIELDS listings were identified within a ½-mile radius of the Property.

Review of the sites identified within the ASTM search parameters did not identify any nearby or surrounding area sites that are considered to be a REC in connection with the Property, unless as discussed otherwise previously in this section.

4.2 Additional Environmental Record Sources

4.2.1 Supplemental Database Listings

Hillmann reviewed the EDR Radius Map report for listings on supplemental databases that were searched in addition to the Standard Environmental Record Sources. Any property or adjoining property listings on such databases, if identified, would be discussed in Section 4.1.1 and 4.1.2. None of the other supplemental database listings identified by the EDR Radius Map report are considered to be a REC in connection with the Property.

4.2.2 Local Agency & Internet Research

Hillmann performed a search of available local and municipal agencies for pertinent information pertaining to the Property, particularly with regard to potential environmental concerns such as petroleum storage tanks, storage and usage of hazardous substances and petroleum products, and/or known or suspected environmental contamination. Hillmann also conducted a cursory internet search of the Property address for information indicative of a REC. The following table summarizes the findings of the research:

Source:	Inquiry Made?	Type:	Outcome:
Environmental Protection Agency (EPA)	Yes	FOIA Request	Response indicated no records found.
San Diego County Department of Environmental Health (CUPA)	Yes	FOIA Request	Response documents provided records of tank installations, closures and site inspections. The UST related records included installation records for the existing 3000-g. and 10,000-g. diesel USTs in 1987, closure records for a 6,000-g. UST (abandoned in place) and two 5,000-g. diesel USTs (removed) in 1987, piping modifications to the 10,000-g. UST in 1988, installation of a 500-g. waste oil UST in 1989, upgrade of a 550-g. waste oil UST in 1998, removal of a 550-g. waste oil UST in 1999, and repairs and upgrade of the existing 3,000-g. and 10,000-g. diesel USTs in 2003.
Department of Toxic Substances Control (DTSC)	Yes	FOIA Request	Response indicated no records found.
Regional Water Quality Control Board (RWQCB) – San Diego Region (9)	Yes	FOIA Request	Response indicated no records found.
San Diego Air Pollution Control District (SDAPCD)	Yes	FOIA Request	Response indicated no records found.
Los Angeles County Geographical Information System (GIS)	Yes	On-line search	No information indicative of a REC was identified.
CA DTSC EnviroStor database http://www.envirostor.dtsc.ca.gov/public/	Yes	Internet	The Property address was searched. No results for the Property were found.

CA GeoTracker database http://geotracker.waterboards.ca.gov/	Yes	Internet	The Property address was searched. An on-site LUST cleanup site was indicated for 100 Valley Blvd and an off-site LUST cleanup site was indicated for the adjoining property at 488 E. Valley Parkway. These were discussed previously in Sections 4.1.1 and 4.1.2.
USEPA Envirofacts search http://www.epa.gov/enviro/index.html	Yes	Internet	The Property address was searched. No results for the Property were found.
www.google.com	Yes	On-line search	The Property address search returns results as a hospital a child abuse center, and an office building.
www.realquest.com	Yes	On-line search	Basic Property information such as parcel number, date of construction, and building square footages were collected. Pertinent information, where obtained, is referenced in the appropriate sections of this report.
Other:	NA		

4.3 Physical Setting Sources

4.3.1 USGS 7.5 Minute Topographic Map

The USGS 7.5 minute series topographic maps covering the Property (Valley Center, CA 2012 & Escondido, CA 2012) were reviewed. The maps indicated an approximate elevation at the Property of 699 feet above mean sea level. The topography indicated by the map appeared to be sloping downward to the north-northwest. The closest down gradient body of water appeared to be a channeled portion of Escondido Creek, approximately 1,418 feet north-northwest.

4.3.2 Soils

Based on USDA Soil Conservation Service (SCS) data summarized by the EDR Geocheck-Physical Setting Source Addendum, the soil type at the Property is classified as “Fallbrook.” The “Fallbrook” designation is described as well drained, sandy loam with moderate infiltration rates.

4.3.3 Geology

Based on geologic data summarized by the EDR Geocheck - Physical Setting Source Addendum, the geologic formation in the vicinity of the Property is described as plutonic and intrusive rocks of the Mesozoic Era, Cretaceous System, Cretaceous granitic rocks Series.

4.3.4 Hydrology

Site-specific hydrogeological data was found ½ to 1 miles southwest of the Property. The site name is Chatham Bros, the groundwater flows southeast with a measured depth of 0.5 feet to water. No information about the hydraulic connection between aquifers under the site is available.

4.4 Historical Use – Property and Adjoining Properties

Hillmann has conducted research in order to help identify the likelihood of past uses having led to recognized environmental conditions in connection with the Property. Standard historical sources have been sought in an attempt to document the past uses of the Property as far back as it can be shown that the Property contained structures; or from the time the Property was first used for residential, agricultural, commercial, industrial or governmental purposes.

4.4.1 Fire Insurance Maps

Hillmann obtained a Certified Sanborn Map Report from EDR in order to research published historic fire insurance maps for the Property and surrounding area. The following is a summary of site use information interpreted from a review of the report:

YEAR(S)	DESCRIPTION	
1892, 1896	Property	The western portion of the Property appears to be developed with two dwellings and a store. The central and eastern portions are depicted as undeveloped or unmapped.
	Adjacent Properties	The adjoining properties to the north, east, south, and west are depicted as unmapped. The adjoining properties to the southwest are depicted with a public hall.
1907, 1911	Property	The central portion of the Property is depicted with a large commercial building labeled “Hotel Escondido” and two small sheds. The western portion is depicted with three dwellings and a barn.
	Adjacent Properties	The adjoining properties to the north and east are depicted as unmapped. The adjoining properties to the south are depicted with five dwellings, two sheds, a public library, and a building with a stage in it. The adjoining properties to the west are depicted as unmapped and with a dwelling.
1927	Property	The central portion of the Property is depicted as undeveloped land. The eastern portion of the Property is depicted with a dwelling and a garage. The western portion of the Property is depicted with five dwellings, four garages, and a shed.
	Adjacent Properties	The adjoining properties to the east and north are depicted as unmapped land. The adjoining properties to the south are depicted with seven dwellings, a tailor, four garages, five dwellings, and a dry cleaner. The adjoining properties to the west are depicted as unmapped land and a dwelling.
1940	Property	The central portion of the Property is depicted as undeveloped land. The eastern portion of the Property is depicted with a dwelling and a garage. The western portion of the Property is depicted with eight dwellings, three garages, a shed, two stores, a fire station, a jail, and city hall.
	Adjacent Properties	The adjoining properties to the north and east are depicted as unmapped land. The adjoining properties to the south are depicted with eight dwellings, five garages, four sheds, a store, and a dry cleaners. The adjoining properties to the west are depicted as unmapped and a dwelling.
1949	Property	The central portion of the Property is depicted as undeveloped land. The eastern portion of the Property is depicted with a dwelling and a garage. The western portion of the Property is depicted with seven dwellings, three garages, two sheds, two stores, an auto service building, a fire station, a jail, and city hall.
	Adjacent Properties	The adjoining properties to the north and east are depicted as unmapped land. The southern adjoining properties are depicted with seven dwellings, a store, four garages and two sheds. The adjoining properties to the west are depicted as unmapped land and a dwelling.

1962	Property	The central portion of the Property is depicted with a large hospital. The eastern portion of the Property is depicted with a dwelling, two office buildings, and a garage. The western portion of the Property is depicted with ten dwellings, four garages, a shed, three stores, an auto service building, a fire station, a jail, and city hall.
	Adjacent Properties	The adjoining properties to the north and east are depicted as unmapped land. The adjoining properties to the south are depicted with four office buildings, six dwellings, thirteen stores, four garages, a clinic, and two sheds. The adjoining properties to the west are depicted as unmapped land and two stores.

4.4.2 City Directories

Hillman obtained an EDR City Directory Abstract report to obtain data of historic city directory listings for the Property. The following is a generalized summary of the findings of City Directory Research:

YEAR(S)	SUMMARY	
2000 – 2013	Property:	The Property is listed as various medical offices and Palomar Pomerado Hospital.
	Adjacent Properties:	The adjoining properties to the north are listed as Southern California Presbt. Homes, Oasis Travel, Westmont Towncourt, Apartments, Redwood Towncourt, medical offices, medical weight loss clinic, and Escondido Community Health Center. The adjoining properties to the east are listed as medical offices, Palomar Vista Healthcare Center, and West Escondido Healthcare. The adjoining properties to the south are listed as Villa Escondido, and residences.
1990 – 1999	Property:	The Property is listed as Palomar Medical Center and various medical offices.
	Adjacent Properties:	The adjoining properties to the north are listed as Redwood Towncourt, Escondido Retirement Associates, medical weight loss center, Escondido Medical Group, and Escondido Plumbing. The adjoining properties to the east are listed as Escondido Convalescent Center. The adjoining properties to the south are listed as Turner Construction Company.
1980 – 1989	Property:	The Property is listed as Palomar Medical Center.
	Adjacent Properties:	The adjoining properties to the north are listed as Apartments, One Hour Photo, various offices, and Escondido Medical Group. The adjoining properties to the east are listed as Escondido Convalescent Center and residences. The adjoining properties to the south are listed as various medical offices.
1970 – 1979	Property:	The Property is not listed.
	Adjacent Properties:	The adjoining properties to the north are listed as Apartments, various offices, and Escondido Medical Group. The adjoining properties to the east are listed as Escondido Convalescent Center and residences. The adjoining properties to the south are listed as various medical offices. The adjoining properties to the west are listed as Ortiz Concepcion.
1960 – 1969	Property:	The Property is not listed.
	Adjacent Properties:	The adjoining properties to the north are listed as Morris Linda J Car shop and residences. The adjoining properties to the east are listed as Casa Blanca Convalescent Home. The adjoining properties to the south are listed as various medical offices.
1950 - 1959	Property:	The Property is not listed.
	Adjacent Properties:	The adjoining properties to the north are listed as Morris Linda J Car shop and residences. The adjoining properties to the east are listed as Casa Blanca Convalescent Home. The adjoining properties to the south are listed as various medical offices, Creative Hair Fashions Studio, and an attorney’s office.

4.4.3 Historical Topographic Map Review

Hillmann obtained and reviewed an “EDR Historical Topographic Map Report” from EDR containing historic aerial photography of the Property and adjoining properties. The following interpretation of land usage was made by review of the maps:

YEAR(S)	DESCRIPTION	
1893	Property	The Property is depicted as undeveloped land.
	Adjacent Properties	The adjoining properties to the north are depicted with a structure. The adjoining properties to the east, south, and west are depicted as undeveloped land.
1901	Property	The Property is depicted with a structure.
	Adjacent Properties	The adjoining properties to the north are depicted with a structure. The adjoining properties to the east and west are depicted as undeveloped land.
1947	Property	The Property is shaded to denote general urban development and is depicted with a structure.
	Adjacent Properties	The adjoining properties to the north are shaded to denote general urban development and are depicted with two structures. The adjoining properties to the east, south, and west are shaded to denote general urban development.
1948, 1949	Property	The central and eastern portions of the Property are depicted as undeveloped land, the western portions of the Property are shaded to denote general urban development and are depicted with two structures, one of which is labeled as city hall.
	Adjacent Properties	The adjoining properties to the north are depicted with two structures. The adjoining properties to the east, south, and west are shaded to denote general urban development.
1968, 1975	Property	The eastern and western portions of the Property are shaded to denote general urban development, the central portion of the Property is depicted with a large structure labeled Palomar Memorial Hospital, and two smaller structures, one of which is labeled city hall.
	Adjacent Properties	The adjoining properties to the north, east, south, and west are shaded to denote general urban development.
1996	Property	The Property is shaded to denote general urban development, the central portion of the Property is depicted with a large structure labeled Palomar Memorial Hospital.
	Adjacent Properties	The adjoining properties to the north, east, south, and west are shaded to denote general urban development.
2012	Property	There is no building development depicted on the topographic map.
	Adjacent Properties	There is no building development depicted on the topographic map.

4.4.4 Aerial Photograph Review

Hillmann obtained and reviewed an “EDR Aerial Photo Decade Package Report” from EDR containing historic aerial photography of the Property and adjoining properties. In addition, Hillmann reviewed historic aerial photographs of the Property online at www.historicaerials.com. The following interpretation of land usage was made by review of the aerial photographs:

YEAR(S)	DESCRIPTION	
1939, 1946	Property	The eastern and central portions of the Property appear to be undeveloped land. The western portion of the Property appears to be developed with a large building and several smaller buildings.

	Adjacent Properties	The adjoining properties to the north appear to be developed with several residences and agricultural land.. The adjoining properties to the east appear to be developed with several residences. The adjoining properties to the south appear to be developed with residences and a commercial building. The adjoining properties to the west appear to be developed with a residence and a commercial building.
1949	Property	The central portion of the Property appears to be developed with a large hospital. The western portion of the Property appears to be developed with several residences, a commercial building, and two larger structures.
	Adjacent Properties	The adjoining properties to the north appear to be developed with several residences and a larger commercial building. The adjoining properties to the east appear to be developed with several residences. The adjoining properties to the south appear to be developed with several residences and a larger commercial building.
1953	Property	The central portion of the Property appears to be developed with a large hospital with two wings. The western portion of the Property appears to be developed with several residences, two commercial buildings, and two larger structures.
	Adjacent Properties	The adjoining properties to the north appear to be developed with several residences and a larger commercial building. The adjoining properties to the east appear to be developed with several residences. The adjoining properties to the south appear to be developed with several residences and a larger commercial building.
1964, 1967	Property	The central portion of the Property appears to be developed with a large hospital with several wings, a parking lot, a large tower and a large structure. The eastern portion of the Property appear to be developed with three office buildings. The western portion of the Property appears to be developed with several residences, two commercial buildings, and two larger structures.
	Adjacent Properties	The adjoining properties to the north appear to be developed with several commercial buildings and several large commercial buildings. The adjoining properties to the east appear to be developed with several commercial buildings, a large commercial structure and several residences. The adjoining properties to the south appear to be developed with many commercial structures and residences. The adjoining properties to the west appear to be developed with several large structures.
1970	Property	The central portion of the Property appears to be developed with a large hospital with several wings, a parking lot, a large tower and a large structure. The eastern portion of the Property appear to be developed with three office buildings. The western portion of the Property appears to be developed with several commercial buildings, and two larger structures.
	Adjacent Properties	The adjoining properties to the north appear to be developed with several commercial buildings and several large commercial buildings. The adjoining properties to the east appear to be developed with several commercial buildings, a large commercial structure and several residences. The adjoining properties to the south appear to be developed with many commercial structures and residences. The adjoining properties to the west appear to be developed with several large structures.
1979	Property	The central portion of the Property appears to be developed with a large hospital with several wings, a parking lot, a large tower and a large structure. The eastern portion of the Property appear to be developed with four office buildings. The western portion of the Property appears to be developed with several commercial buildings, and two larger structures.

	Adjacent Properties	The adjoining properties to the north appear to be developed with several commercial buildings and several large commercial buildings. The adjoining properties to the east appear to be developed with several commercial buildings, a large commercial structure and several residences. The adjoining properties to the south appear to be developed with many commercial structures and residences. The adjoining properties to the west appear to be developed with several large structures.
1985	Property	The central portion of the Property appears to be developed with a large hospital with several wings, a parking lot, a large tower and a storage lot. The eastern portion of the Property appear to be developed with four office buildings. The western portion of the Property appears to be developed with several commercial buildings, and two larger structures.
	Adjacent Properties	The adjoining properties to the north appear to be developed with several commercial buildings and several large commercial buildings. The adjoining properties to the east appear to be developed with several commercial buildings, a large commercial structure and several residences. The adjoining properties to the south appear to be developed with many commercial structures and residences. The adjoining properties to the west appear to be developed with several large structures.
1989, 1995	Property	The central portion of the Property appears to be developed with a large hospital with several wings, a parking lot, a large tower and a storage lot. The eastern portion of the Property appear to be developed with four office buildings. The western portion of the Property appears to be developed with several commercial buildings, and two larger structures.
	Adjacent Properties	The adjoining properties to the north appear to be developed with several commercial buildings, an apartment complex, and several large commercial buildings. The adjoining properties to the east appear to be developed with several commercial buildings, a large commercial structure and several residences. The adjoining properties to the south appear to be developed with many commercial structures and residences. The adjoining properties to the west appear to be developed with several large structures.
2005, 2009, 2010, 2012	Property	The central portion of the Property appears to be developed with a large hospital with several wings, a parking lot, and a large tower. The eastern portion of the Property appear to be developed with four office buildings. The western portion of the Property appears to be developed with a storage building and an office building.
	Adjacent Properties	The adjoining properties to the north appear to be developed with several commercial buildings, an apartment complex, and several large commercial buildings. The adjoining properties to the east appear to be developed with several commercial buildings, a large commercial structure and several residences. The adjoining properties to the south appear to be developed with many commercial structures and residences. The adjoining properties to the west appear to be developed with several large structures.

4.4.5 Petroleum/Natural Gas Well Review

Hillmann reviewed historical record sources for evidence of historic petroleum and/or natural gas wells at the Property. In addition, Hillmann conducted a search of the property location on the Division of Oil, Gas & Geothermal Resources Well Finder database (<http://maps.conservation.ca.gov/doggr/index.html>). No record of any historical petroleum/natural gas wells at the Property was identified.

4.4.6 Historical Records Data Failure

Historic land use data prior to 1892 was not readily available at the time of the assessment. The first developed use of the Property was not documented due to historical records data failure, which is considered to be a data gap. However, it is Hillmann's opinion that any additional investigation into historic site usage would be unlikely to change the report findings and therefore the historical records data failure is not considered to be a significant data gap.

4.4.7 Summary of Historic Use Research

The Property was mostly undeveloped in 1892 except for a two small retail/residential buildings at the SW corner. By 1907, the Property was developed with the Hotel Escondido and three residences. Circa 1927, the hotel was demolished and the Property mostly vacant except for a few small residences. By 1940, the western portion of the central parcel was developed with three municipal buildings labeled, fire station, jail, and city hall. By 1949, additional commercial structures were developed on the western portion of the Property, and the main hospital wing was constructed on the central portion of the Property. An automotive repair facility was present on the western portion of the Property at 453 Valley Parkway from at least the 1940s to 1960s. The hospital facilities were expanded to their current extent in several stages beginning in the 1950s. By 1985, the three municipal buildings on the western side of the central portion were demolished and replaced with a storage yard. Circa 1995, the storage yard was replaced with a grassy area. Circa 2005, the residences on the western portion of the Property were replaced with an office building, a parking lot, and a small storage building.

The adjoining properties appear to have been undeveloped land up until 1892, when the southern adjoining properties appeared with a structure labelled "Public Hall". By 1907, several residences were developed, circa 1927, several additional residences and a tailors were developed. By 1962, several commercial buildings were developed as well as several medical offices. Circa 1970, additional commercial buildings were developed. The adjoining properties to the east appear to have first been developed with residences circa 1939. By 1949, additional residences were constructed. Circa 1964, several commercial buildings and a large commercial building were developed. The adjoining properties to the north were first developed with residences circa 1939. By 1953, a commercial structure was constructed on the western of the northern adjoining properties. By 1964, the residences were demolished and several large commercial buildings were developed. By 1989, a large office building was developed northwest of the Property and an apartment complex was developed to the north of the Property. The western adjoining properties appear to have been developed with residences circa 1939. By 1949, a commercial structure was developed. Circa 1953, additional commercial structures were developed. By 1964, two large commercial structures were developed.

5.0 SITE RECONNAISSANCE

5.1 Methodology and Limiting Conditions

The site reconnaissance consisted of visual and/or physical observations of the Property and improvements, adjoining properties as viewed from the Property boundaries and the surrounding area based on visual observations from adjacent public thoroughfares. Building exteriors were observed at ground level, unless otherwise indicated. Where applicable, Hillmann accessed and observed representative areas of building interiors to the extent they were made safely accessible with the cooperation of the site escort.

The site reconnaissance was conducted by Mr. Stephen Bartlett on July 10, 2017. Weather conditions at the time of the assessment included a temperature of approximately 80 degrees F and clear skies. Hillmann was escorted by Mr. Dan Farrow, Assistant Vice President of Hospitalities and Facilities with Palomar Health.

5.1.1 Significant Inaccessible Areas

Hillmann is not aware of any significant areas that were not accessed during the site inspection.

5.2 General Site Setting

5.2.1 Site and Vicinity Characteristics

The Property consists of eleven parcels of various shapes on a medical campus in between Valley Parkway and East Grand Avenue. The site is currently occupied by a hospital, various medical offices, and an office building. The total Property area is approximately 13.66 acres. The Property is located in a suburban developed area characterized by a mix of commercial properties, single and multi-family homes, and apartments.

5.2.2 Topographic Characteristics

The main hospital located in the central portion of the Property was located on a hill, with an incline of approximately three degrees. The terrain of the eastern and western portions of the Property appeared to be relatively flat. No natural surface bodies of water were observed.

5.2.3 General Description of Structures

The Property is improved with one approximately 371,900 SF main hospital building, one 12,970 SF office building, one 2,500 SF medical office building, one 1,100 SF medical office building, one 1,400 SF women's shelter, and one approximately 1,500 SF storage building. The hospital interior consists of various patient rooms, surgical rooms, a cafeteria, exam rooms, x-ray rooms, and mechanical equipment rooms. The office building consists of various offices for the hospital administrators, the two medical office buildings consists of various patient exam rooms. The women's shelter consists of various rooms, bathrooms, and kitchens.

5.2.4 Sources of Heating and Cooling

The main hospital building was heated by boilers, and cooled by large central AC units. The other buildings were heated by natural gas and cooled by electric AC systems.

5.2.5 Potable Water Source/Sewage Disposal System

The Property is currently serviced by the municipal water and sewer systems.

5.2.6 Current Use(s) of the Property

The Property is currently used as a medical campus, with a hospital, women's shelter, office building, medical offices, and a storage building.

5.2.7 Past Use(s) of the Property

No obvious indication of past Property usage likely to have involved the use, treatment, storage, disposal or generation of hazardous substances or petroleum products was observed at the time of the site visit. Please refer to Section 4.4 for findings of historical site use research.

5.2.8 Current Use(s) of the Adjoining Properties

The following describes adjacent and abutting properties:

Dir	Street Address	Description
N	488 E. Valley Pkwy., 641 E. Pennsylvania Ave., 500 E. Valley Pkwy., 560 E. Valley Pkwy. 601 E. Valley Pkwy.,	Valley Parkway Health Center Medical Offices Westmont Town Court Vacant Commercial Vacant Commercial
E	624 E. Grand Ave., 201 N. Fig St., 705 E. Ohio Ave.	Medical offices Palomar Vista Healthcare Center Residence
S	511 E. Grand Ave., 457 E. Grand Ave., 465 E. Grand Ave., 106 S. Grape St., 613 – 661 E. Grand Ave.	Apartments Roynon museum of paleontology Real Estate office Medical offices Medical offices
W	418 E. Grand Ave., 401 E. Valley Pkwy.	Palomar Health Learning Center Neighborhood Healthcare

Several monitoring wells were noted at 488 Valley Parkway Health Center as part of ongoing monitoring of groundwater following remediation activities at the Property. Due to the fact that there were no monitoring wells present on the Property, and the adjoining property's location down or cross-gradient from the Property, it is unlikely that the groundwater under the Property has been impacted and therefore these monitoring wells do not represent a REC in connection with the Property.

5.2.9 Past Use(s) of the Adjoining Properties

No indication of past uses of the adjoining properties was noted at the time of the site visit. Please refer to Section 4.4 for the findings of historical site use research.

5.2.10 Current/Past Uses of Surrounding Area

The Property is located in suburban area of Escondido, California. The vicinity of the Property consists of a mix of single and multi-family residential properties, hotel, apartment complexes, and commercial properties. No indications of past Property uses that differ substantially from current conditions were observed at the time of the site visit.

5.3 Interior & Exterior Observations

5.3.1 Storage/Usage of Hazardous Substances and Petroleum Products

The facility at the Property stores various hazardous substances and petroleum products. Various drums of hazardous materials were noted in the main engineering area as part of the water treatment system and for the generators. Two (2) five-gallon buckets of microbicide tablets were noted near the water treatment system. Assorted cleaning products were noted in a room near the cafeteria. Biohazardous waste was stored in containers in a shed located outside of the main hospital structure. Routine quantities of cleaning chemicals was noted in the office building on the western portion of the Property and medical office buildings and women's shelter on the eastern portion of the Property.

5.3.2 Drums

Nine (9) 55-gallon drums and three (3) 62-gallon drums were observed at the Property. All of the drums were stored in the main engineering plant. Three of the drums were used to store waste oil, one drum was used to store fresh oil, one drum was used to store oil rags, one drum was used to store molybdate, one drum was used to store liquid crystalized sulfite, one drum was used to store used batteries, one drum was used to store sulfuric acid, one 62-gallon drum was used to store polymer phosphate, one 62-gallon drum was used to store blended neutralizing amine, and one 62-gallon drum was used to store molybdate. The hazardous waste and biohazardous waste are removed on an as need basis by Stericycle. None of the drums were observed within secondary containment. No staining was noted around the areas of the drums.

5.3.3 Other Hazardous Substances/Petroleum Products

No other containers of hazardous substances or petroleum products were noted on the Property at the time of the site visit.

5.3.4 Unidentified Substance Containers

No unidentified substance containers were noted on the Property at the time of the site visit.

5.3.5 Storage Tanks

One (1) 3,000-gallon diesel UST and one (1) 10,000-gallon diesel UST were reported to be in service at the Property. The tanks are reported to be used by the emergency generators at the main hospital building. The tanks, installed in 1987 and repaired/upgraded in 2003, have double walled construction. No recent testing records were obtained for the USTs.

5.3.6 Polychlorinated Biphenyls (PCBs)

Approximately twenty (20) transformers of various size were noted in the main engineering plant, outside the main engineering plant, and in the various engineering rooms on the Property. All of the transformers were owned by the hospital and reported to be dry-style transformers and therefore would not contain any PCBs. Hillmann reached out to the Property owner for information regarding the large transformers for the Property that would have been operated by the utility company, however no response has been received at the time of the issuance of the report.

One (1) hydraulic lift was noted on the exterior of the Adams wing of the main hospital. It was reported to Hillmann that the lift had been recently replaced, and so it is unlikely to contain PCBs. The lift appeared to be in good condition and no corrosion or staining around the lift was noted.

Several hydraulic trash compactors were noted on the exterior of the hospital. The compactors appeared to be in good condition, with no corrosion or staining around the area.

5.3.7 Odors

No strong, unusual or pungent odors were noted on the Property.

5.3.8 Pools of Liquid

No pools of unknown liquid were noted at the Property.

5.3.9 Interior Stains or Corrosion

Significant staining and possible fresh oil/diesel was noted around three of the four generators in the main engineering plant and under the old emergency generator. The staining around the generators constitutes a REC.

5.3.10 Interior Drains/Sumps

Four floor drains were noted in the main engineering plant, eight floor drains were noted in the penthouse mechanical room, the drains reportedly discharge into the main sewer system.

5.3.11 Exterior Pits/Ponds/Lagoons

No evidence of exterior pits, ponds or lagoons was identified on the Property in connection with waste treatment or disposal. Hillmann inquired with the Property owners as to whether any on-

site waste treatment systems were present historically. At the time of the issuance of the report, no response has been received. Due to the date of construction of the Property, there is the potential for abandoned onsite historical waste disposal systems, which may be found during redevelopment of the Property.

5.3.12 Stained Soil, Pavement/Stressed Vegetation

De minimis staining was observed on the pavement on the parking lot. No evidence of stained soils or stressed vegetation was identified on the Property.

5.3.13 On-Site Solid Waste Dumping/Fill Material

No evidence of on-site solid waste dumping was noted at the Property.

5.3.14 Wastewater

All sanitary sewage is discharged to the municipal sewage system. All stormwater discharge is discharged to the municipal stormwater system.

5.3.15 Septic Systems

No indication of septic systems was noted on the Property, however septic systems may have been present historically on the Property.

5.3.16 Wells

No evidence of wells was noted at the Property.

6.0 INTERVIEWS

6.1 Interviews with Past and Present Owners and Occupants

Type	Name; Affiliation/Title	Summary
Property Owner	Mr. Dan Farrow, Assistant Vice President, Hospitality & Facilities, Palomar Health	Mr. Dan Farrow was interviewed and completed an environmental questionnaire regarding the uses and conditions of the Property relative to this assessment and compliance with ASTM E1527-13. Pertinent information, where obtained, is referenced in the appropriate sections of the report.
Property Occupants	Not applicable	Hillmann was not able to interview individual building occupants.
Past Owners, Occupants, Operators	Not applicable	Past owners/occupants of the Property were not available for interview at the time of the assessment.
Owners/Occupants of Adjacent or Nearby Properties	Not applicable	The Property was not an abandoned property with evidence of unauthorized uses or uncontrolled access; therefore, interviews with adjacent or nearby property owners or occupants were not conducted.

6.2 Interviews with State and/or Local Government Officials

Written and on-line requests for environmental records of the Property from State and Local governmental agencies are detailed in Section 4.2.2.

7.0 NON-ASTM SCOPE CONCERNS

In accordance with our contract agreement, Hillmann has conducted preliminary evaluations of the following “Non-ASTM Scope Considerations” that are outside of the requirements of the ASTM E1527-13 standard:

7.1 Asbestos-Containing Material (ACM)

Considering the dates of construction of the existing buildings, asbestos containing materials (ACM) may be present at the Property. Suspected ACM observed during a preliminary visual screening included roofing materials, plaster walls, drywall, ceiling tiles, cove base, adhesive, and stucco. It is likely that additional types of suspect ACM exist in enclosed areas or areas not accessed during the assessment. It is emphasized that this limited screening does not constitute a comprehensive asbestos survey of the premises and is meant only to provide a preliminary evaluation regarding the potential presence of ACM at the Property.

7.2 Lead-Based Paint

Considering the dates of construction of the existing buildings, lead-based paint may be present at the Property. In general, interior painted surfaces within the space were observed to be in fair condition. It is emphasized that this limited screening does not constitute a comprehensive lead-based paint survey of the premises and is meant only to provide a preliminary evaluation regarding the potential presence of LBP at the Property.

7.3 Radon

According to data compiled by the USEPA, as summarized by the EDR Radius Map Report with GeoCheck, the Property is located in an area with a low potential for radon concentrations that exceed current USEPA action guidelines. The County of San Diego is classified as a Zone 3 or ‘low risk’ area for radon. Accordingly, radon is unlikely to represent an environmental concern to the Property.

7.4 Mold

During the assessment, Hillmann conducted a preliminary inspection of the accessed areas of the building for evidence of excessive or amplified mold growth, or for conditions favorable for mold growth. No obvious evidence of excessive or amplified mold growth, or conditions favorable for mold growth, was observed on the Property during the site assessment.

7.5 Wetlands

Based on a review of the EDR Radius Map Report with GeoCheck, no NWI mapped wetlands were indicated at the Property.

It is emphasized that the absence of NWI mapped wetland areas indicated by the EDR report does not necessarily rule out the potential presence of regulated wetland areas on or immediately adjoining the Property. A wetland delineation should be sought from a qualified firm if a more

comprehensive determination regarding the presence or absence of wetlands on or adjacent to the Property is warranted.

8.0 ENVIRONMENTAL PROFESSIONAL STATEMENT

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



David Rutherford
Environmental Professional

9.0 REFERENCES

EDR Aerial Photo Decade Package, Environmental Data Resources, 2017

EDR City Directory Abstract Report, Environmental Data Resources, 2017

EDR Historical Topographic Map Report, Environmental Data Resources, 2017

EDR Radius Map Report with GeoCheck, Environmental Data Resources, 2017

EDR Sanborn Map Report, Environmental Data Resources, 2017

www.realquest.com

San Diego County's On-line Geographical Information System

AGE Project No. 16-3820, Soil Sampling During Piping Upgrade, 555 East Valley Parkway, Escondido, CA, Advanced GeoEnvironmental, Inc., July 26, 2016