

Appendix D
Phase II Limited Subsurface Investigation Report

Prepared For:

**FOUNTAINHEAD PALACE, LP
3636 BIRCH STREET, SUITE 270
NEWPORT BEACH, CALIFORNIA 92660**

**PHASE II
LIMITED SUBSURFACE INVESTIGATION REPORT**

**FORMER GAS STATION
15901 Main Street
Hesperia, California 92345**

**Date Issued: December 12, 2007
Project Number: 07-54108.3**

Prepared By:

LANDAMERICA ASSESSMENT CORPORATION
8008 Corporate Center Drive, Suite 115, Charlotte, NC 28226
Telephone: 704.543.4221 Facsimile: 704.543.4295





December 12, 2007

Mr. Young Park
Fountainhead Palace, LP
3636 Birch Street, Suite 270
Newport Beach, California 92660

**Re: Phase II Limited Subsurface Investigation Report
Former Gas Station
15901 Main Street
Hesperia, California 92345
Project No.: 07-54108.3**

Dear Mr. Park:

LandAmerica Assessment Corporation (LAC) is presenting the results from a Phase II Limited Subsurface Investigation (Phase II) performed at a former gas station located at 15901 Main Street, Hesperia, California (property). The Phase II investigation was performed to determine the potential for a release of hydraulic fluid to soil at the property from two underground hydraulic vehicle repair lifts. This investigation was performed in accordance with LAC's proposal dated November 26, 2007. This report is intended for the sole use and benefit of Fountainhead Palace, LP and may not be relied upon by any other part without express permission of LandAmerica Assessment Corporation.

PURPOSE

The purpose of this investigation was to assess recognized environmental conditions (RECs) identified in the Phase I Environmental Site Assessment (ESA). The information provided in this report describes the work performed and provides documentation of the data and evaluation that constitutes the factual findings of the investigation.

BACKGROUND INFORMATION

In October 2007, LAC performed a Phase I ESA of the property utilizing generally accepted ESA industry standards in accordance with ASTM E 1527-05 for Phase I Environmental Site Assessment Process. The Phase I ESA is described in a report prepared by LAC dated October 16, 2007.

The property consists of a rectangular-shaped parcel approximately 1.65 acres in size. Currently, the property is developed with three small structures that were constructed in 1957, 1967 and 1980. The northern frontage of the property is used as a used-car sales lot with a small maintenance garage and office building. The southeastern area is vacant, with asphalt pavement and a small building. The southwestern portion of the property consists of gravel surface area with a portable office trailer. Figure 1 is a Topographic Map of the property and surrounding area.

A gas station with two 5,000-gallon underground storage tanks (USTs) and one 8,000-gallon UST occupied the property until 1998. These USTs were removed from the property in 1998. Soil samples were collected from beneath the USTs, piping and dispensers, and from the soil stockpiles for analytical testing under a local agency permit. No further action for the USTs was required.

However, two abandoned underground hydraulic lifts remained at the property. One was located inside the former gas station building and the second was located near a portable office trailer. The underground lifts were identified as RECs and LAC recommended their removal and a limited subsurface investigation of the soil in the area of the lifts in order to evaluate if the hydraulic fluids from the lifts have impacted soil at the property. The client subsequently hired a contractor to remove the lifts and requested LAC to collect soil samples for laboratory analysis during removal excavation. This report summarizes the lift removal and soil sampling activities.

UTILITY LOCATING

Prior to initiating the field activities, California law requires that, at least 72 hours prior to the initiation of any subsurface work (drilling, backhoe operation, etc.), a utility inspection be performed at the property. This inspection consists of the marking of underground utility locations by authorized utility locating personnel. The utility inspection was performed prior to the excavation activities. The hydraulic lifts were removed by a general contractor (Mr. Art Leon), who was employed by Fountainhead Palace, LP. Mr. Leon notified the utility locator service prior to excavation for removal of the hydraulic lifts.

HEALTH AND SAFETY PLAN

LAC developed a Health and Safety Plan that was specific to the property. The development of this plan is required by the Occupational Safety and Health Administration (OSHA) under Hazardous Waste Operations & Emergency Response 29 CFR 1910.120. The site Health and Safety Plan was designed to reduce the risk of physical or chemical exposures that may affect on-site workers in the proposed work area. The site Health and Safety Plan includes information about chemicals expected on the property, health and safety procedures for working on-site, and emergency response procedures. The Health and Safety Plan is on file at LAC's office.

SUBSURFACE INVESTIGATION

Soil Sampling

The lift removal and Phase II Limited Subsurface Investigation was conducted on December 5, 2007. When LAC arrived at the property, the two underground hydraulic lifts were being removed with a backhoe. The removed hydraulic lifts did not exhibit evidence of leaking fluid. Photographs of the excavation and removed equipment are provided in Appendix I.

The excavated soil was Quaternary alluvial fan deposits derived from the nearby granitic San Bernardino Mountains, consisting of poorly-sorted, light yellow brown silty sand with a small amount of gravel and cobbles. The excavated soil did not have any visual or odor indicating contamination except for a small amount near the surface in the garage hydraulic lift. A small amount of soil taken from the upper three feet adjacent to the hydraulic lift in the garage was observed to have an oily stain that appeared very old. The impacted soil was separated from the remaining excavated soil for appropriate disposal along with the removed hydraulic lift. The volume of the excavated soil separated due to oil staining was approximately one cubic yard. The remaining soil was used to backfill the excavations.

Following removal of the lifts, soil samples HLSW and HL-GAR were collected by LAC from the bottom of the excavated areas at a depth of approximately eight feet below ground surface. Sample HLSW was collected from the lift excavation near the southwestern corner of the property and sample HL-GAR was collected from the lift excavation within the garage. The former hydraulic lift locations and sampling locations are illustrated on Figure 2.

Laboratory Analytical Results

The soil samples were placed in laboratory-supplied jars, stored in a cooler with ice immediately after sampling, and transported under chain of custody to Associated Laboratories, Orange, California, a laboratory certified for the prescribed analyses by California Department of Health Services. The two soil samples were analyzed for PCBs by EPA Method 8082 and for poly-nuclear aromatic hydrocarbons (PAH) by EPA Method 8310. The laboratory analytical report indicated that no contaminants were detected in the soil samples. The laboratory analytical report and chain-of-custody forms are included in the Appendix II.

CONCLUSIONS

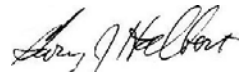
The following conclusions are based on the results of a limited subsurface investigation performed at the at a former gas station located at 15901 Main Street, Hesperia, California in accordance with LAC's proposal dated November 26, 2007. This limited investigation was intended to assess RECs identified in the Phase I ESA. This report was prepared for Fountainhead Palace, LP in accordance with an approved agreement governing the nature, scope, extent and purpose of the work as well as other matters critical to the engagement. This report and the testing results obtained are for the personal use of the client only.

A small quantity of stained soil was removed from the upper three feet of soil adjacent to the lift that was removed from the garage. However, there were no indicators of impact in soil deeper than three feet in this area, and there were no contaminants in the soil sample that was collected at the approximate bottom of the lift. Therefore, LAC concludes that the limited impact around this lift has been removed and is not a concern. Also, there were no indicators of impact in soil adjacent to the lift located near the portable office trailer and no contaminants were detected in the soil sample that was collected at the approximate bottom of this lift.

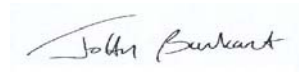
LAC recommends no further investigation related to the RECs identified at the property. If you have any questions regarding this report, please do not hesitate to contact the undersigned.

Sincerely,

LANDAMERICA ASSESSMENT CORPORATION



Gary J. Halbert, CA PG No. 4189
Professional Associate



John T. Burkart
Director of Environmental Services

FIGURES

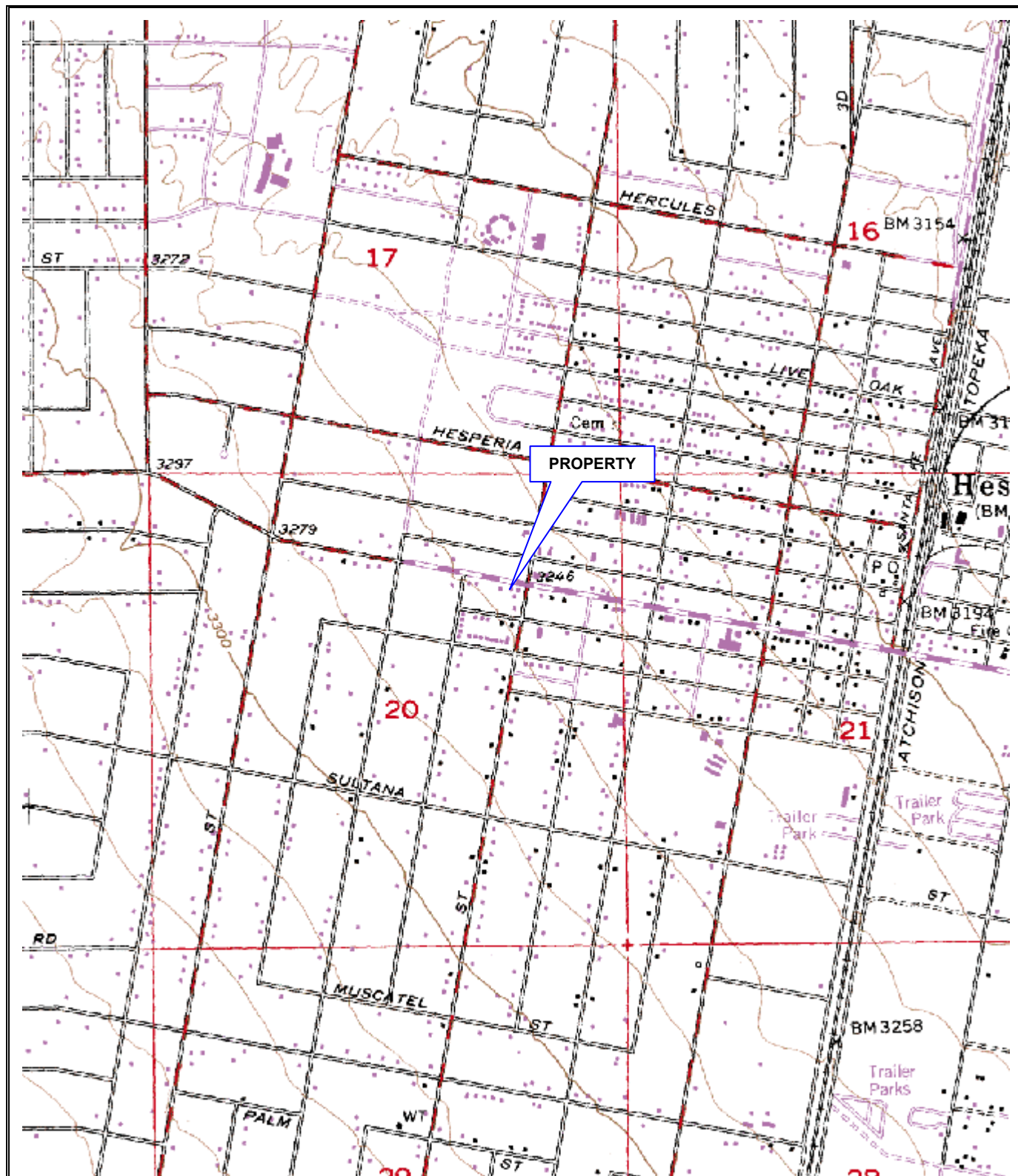


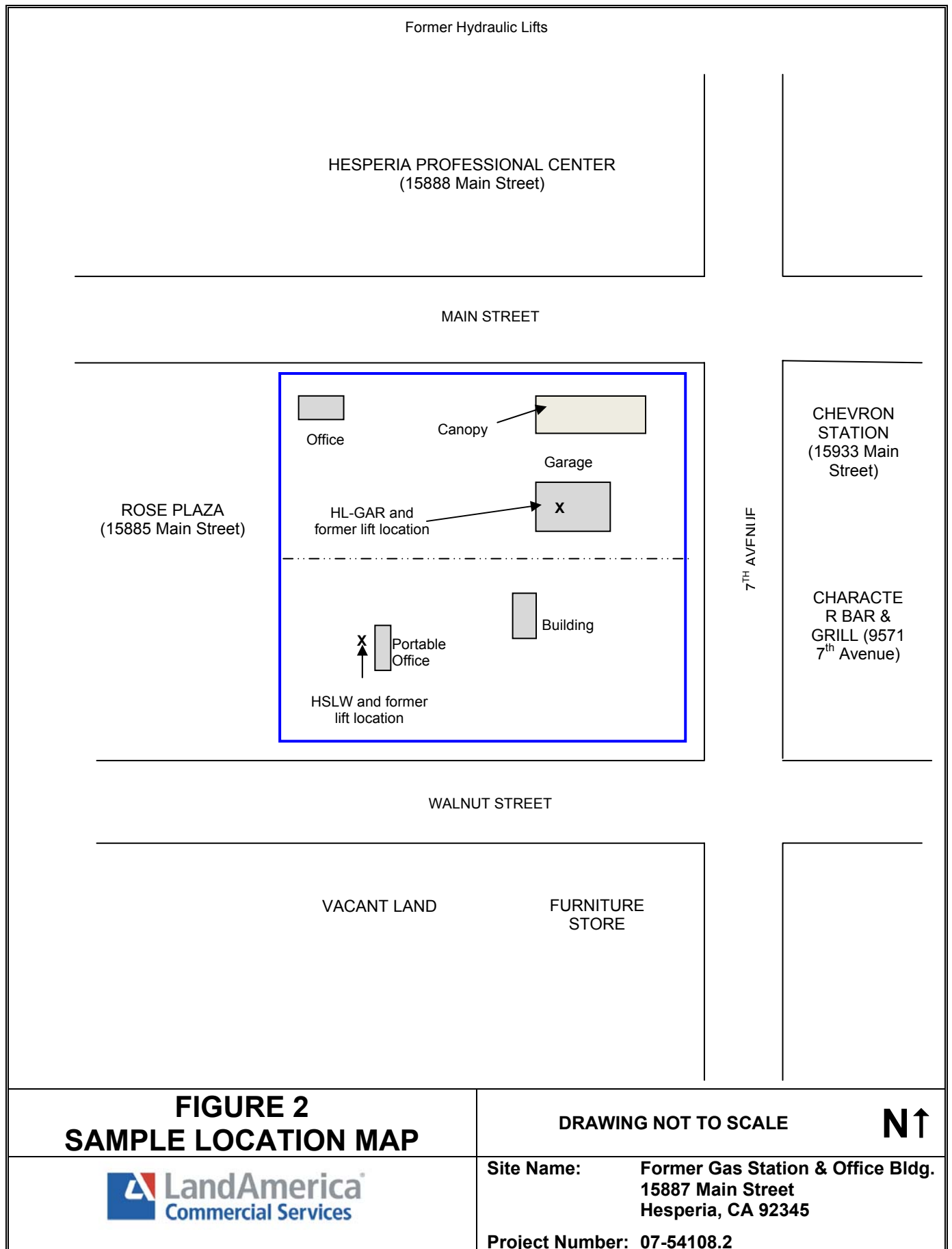
FIGURE 1
TOPOGRAPHIC MAP

Source: USGS 7.5 Minute Topographic Map Hesperia,
CA Quadrangle 1981



Site Name: Former Gas Station & Office Bldg.
15887 Main Street
Hesperia, CA 92345

Project Number: 07-54108.2



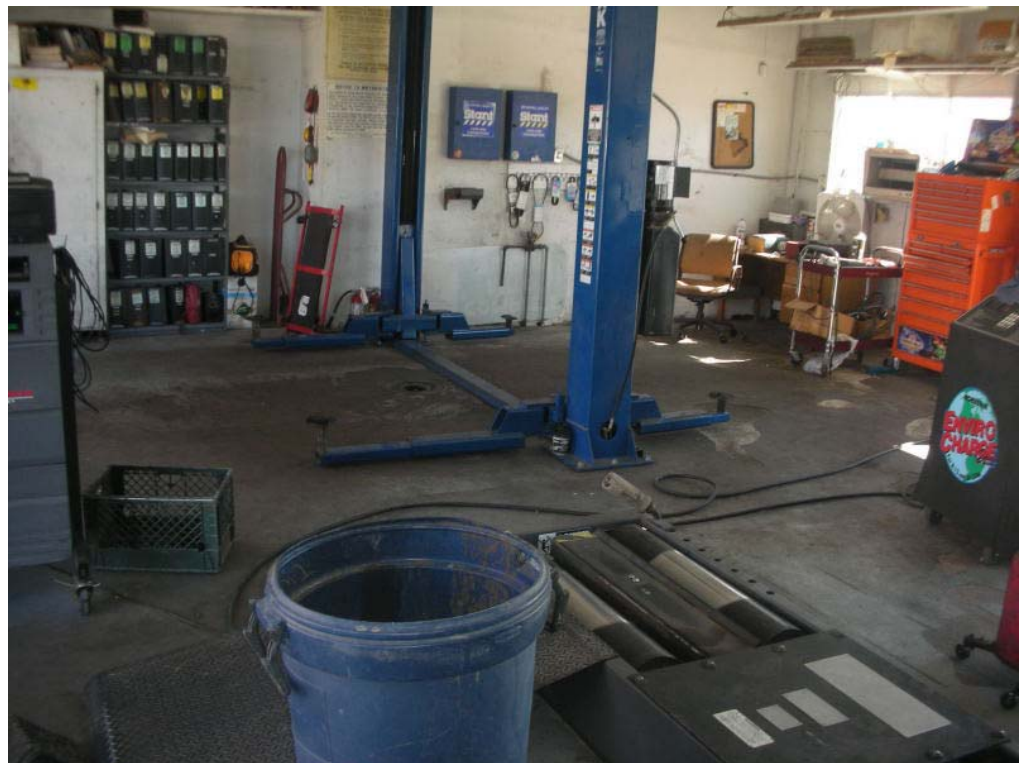
APPENDICES

APPENDIX I

PHOTOGRAPHS



Photograph Number 1: View south of the Garage & Canopy at the Site taken from north across Main St.



Photograph Number 2: Garage interior before removal of hydraulic lift (center of photo)



Photograph Number 3: Garage building following removal of hydraulic lift



Photograph Number 4: Hydraulic lift removal excavation in Garage



Photograph Number 5: Hydraulic lift cylinder removed from garage



Photograph Number 6: View west of buildings on the southern portion of the Site. Hydraulic lift is behind portable office in the background, southwestern corner of Site.



Photograph Number 7: Below-ground hydraulic lift next to the portable building in SW corner before removal



Photograph Number 8: Hydraulic lift removal excavation behind portable building in SW corner.



Photograph Number 9: Hydraulic left cylinder in southwest corner after removal

APPENDIX II

LABORATORY ANALYTICAL REPORT



ASSOCIATED LABORATORIES
806 North Batavia - Orange, California 92868 - 714/771-6900

FAX 714/538-1209

CLIENT Land America Assesment Corp. (11356)
ATTN: Dale Lanier
8008 Corporate Center Dr.
Suite #115
Charlotte, NC 28226

LAB REQUEST 202188

REPORTED 12/09/2007

RECEIVED 12/03/2007

PROJECT PO# 07-54108.2 Hesperia Ca

SUBMITTER Client

COMMENTS

This laboratory request covers the following listed samples which were analyzed for the parameters indicated on the attached Analytical Result Report. All analyses were conducted using the appropriate methods as indicated on the report. This cover letter is an integral part of the final report.

<u>Order No.</u>	<u>Client Sample Identification</u>
853076	HL-SW
853077	HL-Gar
853078	Laboratory Method Blank

Thank you for the opportunity to be of service to your company. Please feel free to call if there are any questions regarding this report or if we can be of further service.

ASSOCIATED LABORATORIES by,

Edward S. Behare, Ph.D.
Vice President

NOTE: Unless notified in writing, all samples will be discarded by appropriate disposal protocol 30 days from date reported.

The reports of the Associated Laboratories are confidential property of our clients and may not be reproduced or used for publication in part or in full without our written permission. This is for the mutual protection of the public, our clients, and ourselves.

TESTING & CONSULTING
Chemical
Microbiological
Environmental

Order #: 853076

Client: Land America Assessment Corp.

Matrix: SOLID

Client Sample ID: HL-SW

Date Sampled: 12/03/2007

Sample Description: Hydraulic Lift Southwest Corner

Time Sampled: 12:00

Sampled By:

Analyte	Result	DF	DLR	Units	Date/Analyst
8082 - Polychlorinated Biphenyls (PCBs) by GC					
PCB-1016	ND	1	0.03	mg/Kg	12/06/07 MP
PCB-1221	ND	1	0.06	mg/Kg	12/06/07 MP
PCB-1232	ND	1	0.05	mg/Kg	12/06/07 MP
PCB-1242	ND	1	0.05	mg/Kg	12/06/07 MP
PCB-1248	ND	1	0.08	mg/Kg	12/06/07 MP
PCB-1254	ND	1	0.03	mg/Kg	12/06/07 MP
PCB-1260	ND	1	0.03	mg/Kg	12/06/07 MP

Surrogates**Units Control Limits**

DCB(Sur)	108	%	50 - 135
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8310 PAH's by HPLC

Acenaphthene	ND	1	0.5	mg/Kg	12/05/07 RB
Acenaphthylene	ND	1	0.5	mg/Kg	12/05/07 RB
Anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(a)anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(a)pyrene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(b)fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(ghi)perylene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(k)fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Chrysene	ND	1	0.05	mg/Kg	12/05/07 RB
Dibenzo(a,h)anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Fluorene	ND	1	0.15	mg/Kg	12/05/07 RB
Indeno(1,2,3-cd)pyrene	ND	1	0.05	mg/Kg	12/05/07 RB
Naphthalene	ND	1	0.5	mg/Kg	12/05/07 RB
Phenanthrene	ND	1	0.1	mg/Kg	12/05/07 RB
Pyrene	ND	1	0.05	mg/Kg	12/05/07 RB

Surrogates**Units Control Limits**

p-Terphenyl (sur)	102	%	55 - 140
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DLR = Detection limit for reporting purposes, ND = Not Detected below indicated detection limit, DF = Dilution Factor



Order #: 853077

Client: Land America Assessment Corp.

Matrix: SOLID

Client Sample ID: HL-Gar

Date Sampled: 12/03/2007

Sample Description: Hydraulic Lift Garage

Time Sampled: 13:30

Sampled By:

Analyte	Result	DF	DLR	Units	Date/Analyst
8082 - Polychlorinated Biphenyls (PCBs) by GC					
PCB-1016	ND	1	0.03	mg/Kg	12/06/07 MP
PCB-1221	ND	1	0.06	mg/Kg	12/06/07 MP
PCB-1232	ND	1	0.05	mg/Kg	12/06/07 MP
PCB-1242	ND	1	0.05	mg/Kg	12/06/07 MP
PCB-1248	ND	1	0.08	mg/Kg	12/06/07 MP
PCB-1254	ND	1	0.03	mg/Kg	12/06/07 MP
PCB-1260	ND	1	0.03	mg/Kg	12/06/07 MP
Surrogates				Units	Control Limits
DCB(Sur)	107			%	50 - 135

8310 PAH's by HPLC

Acenaphthene	ND	1	0.5	mg/Kg	12/05/07 RB
Acenaphthylene	ND	1	0.5	mg/Kg	12/05/07 RB
Anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(a)anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(a)pyrene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(b)fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(ghi)perylene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(k)fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Chrysene	ND	1	0.05	mg/Kg	12/05/07 RB
Dibenzo(a,h)anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Fluorene	ND	1	0.15	mg/Kg	12/05/07 RB
Indeno(1,2,3-cd)pyrene	ND	1	0.05	mg/Kg	12/05/07 RB
Naphthalene	ND	1	0.5	mg/Kg	12/05/07 RB
Phenanthrene	ND	1	0.1	mg/Kg	12/05/07 RB
Pyrene	ND	1	0.05	mg/Kg	12/05/07 RB
Surrogates				Units	Control Limits
p-Terphenyl (sur)	96			%	55 - 140

DLR = Detection limit for reporting purposes, ND = Not Detected below indicated detection limit, DF = Dilution Factor



Order #: 853078

Client: Land America Assessment Corp.

Matrix: SOLID

Client Sample ID: Laboratory Method Blank

Date Sampled:

Time Sampled:

Sampled By:

Analyte	Result	DF	DLR	Units	Date/Analyst
8082 - Polychlorinated Biphenyls (PCBs) by GC					
PCB-1016	ND	1	0.03	mg/Kg	12/06/07 MP
PCB-1221	ND	1	0.06	mg/Kg	12/06/07 MP
PCB-1232	ND	1	0.05	mg/Kg	12/06/07 MP
PCB-1242	ND	1	0.05	mg/Kg	12/06/07 MP
PCB-1248	ND	1	0.08	mg/Kg	12/06/07 MP
PCB-1254	ND	1	0.03	mg/Kg	12/06/07 MP
PCB-1260	ND	1	0.03	mg/Kg	12/06/07 MP

Surrogates**Units Control Limits**

DCB(Sur)	114	%	50 - 135
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8310 PAH's by HPLC

Acenaphthene	ND	1	0.5	mg/Kg	12/05/07 RB
Acenaphthylene	ND	1	0.5	mg/Kg	12/05/07 RB
Anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(a)anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(a)pyrene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(b)fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(ghi)perylene	ND	1	0.05	mg/Kg	12/05/07 RB
Benzo(k)fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Chrysene	ND	1	0.05	mg/Kg	12/05/07 RB
Dibenzo(a,h)anthracene	ND	1	0.05	mg/Kg	12/05/07 RB
Fluoranthene	ND	1	0.05	mg/Kg	12/05/07 RB
Fluorene	ND	1	0.15	mg/Kg	12/05/07 RB
Indeno(1,2,3-cd)pyrene	ND	1	0.05	mg/Kg	12/05/07 RB
Naphthalene	ND	1	0.5	mg/Kg	12/05/07 RB
Phenanthrene	ND	1	0.1	mg/Kg	12/05/07 RB
Pyrene	ND	1	0.05	mg/Kg	12/05/07 RB

Surrogates**Units Control Limits**

p-Terphenyl (sur)	104	%	55 - 140
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DLR = Detection limit for reporting purposes, ND = Not Detected below indicated detection limit, DF = Dilution Factor



ASSOCIATED LABORATORIES

QA REPORT FORM

Determinative Method : EPA 8082

Preparative Method: EPA 3545

QC Sample: 202188-853076

Matrix: SOLID

Analysis Date: 12/6/2007

Batch Date: 12/05/07 (pcb-120507s)

Applies to: LR 202188

MATRIX SPIKE / MATRIX SPIKE DUPLICATE RESULTS

REPORTING UNITS = mg/Kg

Test	Sample Result	Spike Added	Spike Recovered		% Rec		RPD	QC Limits	
			MS	MSD	MS	MSD		RPD	% Rec
Aroclor 1260	ND	0.500	0.527	0.545	105	109	3	35	50-125

** Outside Control Limits due to matrix interference*

ND = Not Detected

% Rec - MS & MSD = Percent Recovery from Matrix Spike & Matrix Spike Duplicate

RPD = Relative Percent Difference of Matrix Spike and Matrix Spike Duplicate recoveries

LAB CONTROL SPIKE RECOVERY / METHOD BLANK

REPORTING UNITS = mg/Kg

Test	Spike Added	Spike Recovered	% Rec LCS	QC Limit
Aroclor 1260	0.500	0.532	106	70-130

Method Blank = All ND

% Rec - LCS = Percent Recovery from Lab Control Spike

ASSOCIATED LABORATORIES

QA REPORT FORM

Method : EPA 8310

Preparative Method: EPA 3545

QC Sample: 202188-853076

Matrix: SOLID

Date Analyzed : 12/5/2007

Batch Date: 12/5/2007 (pah-120507s)

Applies to: LR 202188

MATRIX SPIKE / MATRIX SPIKE DUPLICATE RESULT

REPORTING UNITS = mg / Kg

Test	Sample Result	Spike Added	MS Result	MSD Result	%Rec MS	%Rec MSD	RPD	QC Limits	
								RPD	%REC
Phenanthrene	ND	0.250	0.239	0.261	96	104	9	40	35-155
Pyrene	ND	0.250	0.303	0.285	121	114	6	45	45-200
Benzo(b)fluoranthene	ND	0.250	0.268	0.273	107	109	2	35	35-135
Benzo(k)fluoranthene	ND	0.250	0.265	0.288	106	115	8	35	35-140
Benzo(a)pyrene	ND	0.250	0.273	0.287	109	115	5	35	35-128
Benzo(ghi)perylene	ND	0.250	0.227	0.235	91	94	3	40	40-150

* Outside Control Limits due to matrix interference

ND = Not Detected

RPD = Relative Percent Difference of Matrix Spike and Matrix Spike Duplicate

% Rec-MS & MSD = Percent Recoveries from Matrix Spike & Matrix Spike Duplicate

LCS RECOVERY / METHOD BLANK

REPORTING UNITS = mg / Kg

Test	Spike Added	LCS Result	LCS % Rec	Limits % Rec
Phenanthrene	0.250	0.292	117	40-155
Pyrene	0.250	0.342	137	50-200
Benzo(b)fluoranthene	0.250	0.312	125	40-128
Benzo(k)fluoranthene	0.250	0.306	122	40-128
Benzo(a)pyrene	0.250	0.312	125	40-128
Benzo(ghi)perylene	0.250	0.292	117	45-159

Method Blank = All ND



CHAIN OF CUSTODY RECORD

Date 12-3-07 Page 1 of 1

Assigned LR# 202188

CLIENT: LAND AMERICA

ADDRESS: _____

Alameda, CA

Is this the address the final report is to be sent to? Yes ☒ No ☐
If "No" list mailing address in "Special Instructions" section at the bottom of this Chain of Custody.

CONTACT PERSON: Gary Halbert

SAMPLED BY (Circle One): Client Assoc. Lab Personnel

PROJECT IDENTIFICATION/LOCATION:

Hesperia, CA

PURCHASE ORDER #: 07-54108.2

SAMPLER: (Print AND Sign) Gary J. Halbert

Gary J Halbert

PHONE #: 949 493-4757

FAX #: () ghalbert@cox.net
cc: dlaniere@landam.com

SAMPLE TURNAROUND TIME:

Requested Turnaround Time (CIRCLE ONE)*

Priority Charges Apply to Rush Turn Around Times

RUSH: Same Day 24 Hr 48 Hr 72 Hr

STANDARD: Standard TAT **(5 to 10 Working Days)

Other 5-7 day

* Availability of Same Day/24/48/72 Hr TAT Varies Based Upon Test Method Requirements.

**Standard TAT Varies According to Analyses.

SAMPLE CONDITION INFO - FOR LAB USE ONLY:

Samples Intact: Yes ☐ No ☐

Sample Seals Intact: Yes ☐ No ☐ N/A ☐

Cooler Seals Intact: Yes ☐ No ☐ N/A ☐

SAMPLE ID

SAMPLE OR LOCATION DESCRIPTION

DATE

TIME

MATRIX (See Codes Below)

OF CONTAINERS

TEST REQUIRED

1	HL SW	Hydraulic Lift,	12/3/07	12:00	soil	#1 + #2	PCB, PAH
2		Southwest Corner					
3	HL-Gar	Hydraulic lift,	12/3/07	1:30 pm	soil	#1 + #2	PCB, PAH
4		Garage					
5							
6							
7							
8							
9							
10							

MATRIX: GW=Ground Water DW=Drinking Water WW=Waste Water SW=Storm Water S=Solid Soil A=Air L=Liquid F=Food (Use the codes shown here to identify the matrix above)

Relinquished by: (Print AND Sign)***

Gary Halbert

Received By: (Print AND Sign)

Gary Halbert

Date/Time:

12/3/07

Special Instructions:

15:W

Relinquished by: (Print AND Sign)***

Gary Halbert

Received By: (Print AND Sign)

Gary Halbert

Date/Time:

12/3/07

Relinquished by: (Print AND Sign)***

Gary Halbert

Received by Lab for Analysis: (Print AND Sign)

Gary Halbert

Date/Time:

12/3/07

***By signing this Chain of Custody you are authorizing the analyses shown above.

(Print AND Sign)

Gary Halbert

COC DISTRIBUTION:

White with report. Yellow to AL. Pink to Client's Courier.