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*Kent Station - former
Borden Chemical* *SIT 3.1*
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May 21, 2004

Anchorage

Mr. Dennis Rattie
Tarragon, LLC
1000 Second Avenue, Suite 3200
Seattle, WA 98111

**Re: Preliminary Environmental Assessment (Phase I)
Kent Station Property
Southeast Corner of James Street and 4th Avenue North
Kent, Washington
17057-00**

Denver

Dear Dennis:

This letter report presents the results of our preliminary environmental assessment (Phase I) conducted at the referenced property located in Kent, Washington (Figure 1). The subject property consists of five parcels and totals approximately 18 acres. We understand that you are in the process of purchasing the property. Our Phase I Environmental Assessment provides information on the current conditions and past practices at the property to evaluate whether it is likely that potentially adverse environmental conditions may be present.

Edmonds

Our report begins with a Summary of Findings and Recommendations, which is followed by our:

Philadelphia

- Scope of Work;
- Subject Property Description;
- Geology and Hydrogeology;
- Historical Characterization;
- Regulatory Agency Database List and File Review;
- Previous Environmental Investigations and Cleanups;
- Site Reconnaissance; and
- Limitations.

Portland

Figure 1 is a Vicinity Map showing the location of the subject property. A Site Plan of the subject property showing prominent features and photograph locations is presented on Figure 2. Photographs taken during our site reconnaissance are presented in Appendix A.

Seattle



Appendix B presents the EDR site assessment report, Appendix C contains copies of Sanborn Fire Insurance Maps, and Appendix D presents a copy of the applicable Terms and Conditions for this project.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Based on our review of historical records and agency database lists, our site reconnaissance, and the previous site cleanups and demolition, the potential for subsurface contamination at the subject property is moderate. Cleanup actions have been conducted on the subject property and the closure report will be submitted to Ecology. We understand that groundwater monitoring for methanol will continue on the subject property until concentrations are below MTCA cleanup levels. We also understand that the City of Kent has obtained an environmental insurance policy for the identified contamination that has been cleaned up.

Recommendation. We recommend that as part of the development excavation and regrading activities, a construction contingency plan be prepared to deal with potentially impacted soil or unknown encountered USTs.

SCOPE OF WORK

Our Phase I environmental assessment included:

- Conducting a historical review of the subject property and surrounding area;
- Reviewing regulatory agency database lists and files for the subject property and adjacent sites;
- Conducting a site reconnaissance to observe the subject property and surrounding properties; and
- Preparing this letter report presenting the findings of our work.



SUBJECT PROPERTY DESCRIPTION

The subject property is approximately 18 acres in area and consists of eight tax parcels. The eight tax parcels are identified as King County Parcel Numbers 2422049126, 2422049144, 2422049127, 2422049190, 7142800005, 7142800005, 7142800065, and 2422049010 and are located in Kent, Washington. The subject property is bounded on the north by James Street, on the east by 1st Avenue North, on the west by 4th Avenue North, and on the south by a bank and retail building (along the west half of the southern boundary) and Temperance Street (along the east half). No structures currently exist on the subject property. The property is vacant and primarily covered by grass, trees, and other vegetation. An extension of 2nd Avenue North (Ramsey Way) along with some utilities were partially finished (rough-graded) and tranversed the property to the north and curved 90 degrees extending to 4th Avenue North. This rough-graded road alignment and the general area in the southcentral portion of the property have been cleared and graded. The subject property was relatively level but recent grading activities were evident. A number of soil stockpiles were present near the center of the property.

GEOLOGY AND HYDROGEOLOGY

According to Earth Consultant's Geotechnical Engineering Study (2004) and previous subsurface investigations conducted on the subject property, the majority of the property contained surface layer of 4 to 6 inches of topsoil and grass. The surficial layer encountered contained existing fill ranging from 1-1/2 to 9 feet thick. The fill consisted of primarily medium dense, silty Sand with varying amounts of gravel and localized areas of poorly graded gravel with silty sand and poorly graded sand with silt and gravel. The fill was primarily limited to the southern two-thirds of the property, and no fill was encountered in the northwest and northeast corners of the property. Alluvial sediments consisting of interbedded fine Sand and Silt to depths of 50 feet underlie the topsoil and fill. The water table has been encountered from 4 to 9 feet below ground surface in the alluvial sand and silt underlying the subject property and is considered seasonal. The groundwater flow direction has been estimated to be toward the north-northeast.

HISTORICAL CHARACTERIZATION

Our review of the site history is based previous historical reviews conducted for the subject property as well as a review of recent subsurface investigations, closure reports, and



summary report conducted on the property in 2000 through 2003. The historical information was collected from the following resources:

- Aerial photographs (1936, 1946, 1960, 1968, 1974, 1977, 1980, 1985, 1990, and 1995);
- Fire Insurance Maps (Sanborn 1894, 1910, 1929, 1936, and 1944) (no coverage on the subject property but some coverage on adjacent and nearby properties);
- King County Tax Assessor Records;
- City of Kent, Department of Public Works;
- Phase II Environmental Site Assessment Report for Borden Chemical Facility for the City of Kent by URS (2000);
- Phase II Environmental Site Assessment Report for BNSF Property for the City of Kent by URS (2001);
- Phase I Environmental Site Assessment Report for Brutsche Property for Sound Transit by Shannon and Wilson (1999);
- Environmental Summary and Closure Report for Borden Chemical Facility for the City of Kent by URS (2003); and
- City of Kent Street Directories (Polk 1941, 1953, 1958, 1968, 1979, 1989-90, 1994, 1996, and 1999).

A Chain of Title was available for review. Dates in the text refer to historical records and provide an approximate indication of the period of operation for each business or activity identified, except where explicitly stated.

Subject Property

The aerial photographs, Sanborn Fire Insurance Maps, and previous environmental reports indicate the property was used primarily for agricultural and industrial purposes since at least the 1930s and the railroad spur along the south portion of the property is present in 1936. By 1960, the portions of the former Borden Chemical facility are present and construction was continuing for additional buildings for the former Borden Chemical facility.



According to tax archive records, the original buildings at the former Borden Chemical facility were constructed in 1956. The previous buildings, barns, and residences seen on earlier aerial photographs are gone. The northern portion of the property, however, is still undeveloped and a field. Above-ground storage tanks (ASTs) are visible in the southeast corner of the property and the former Truck Wash Lagoon is visible in a 1960 aerial photograph. From 1960 through the mid-1970s, the former Borden Chemical facility was fully built out as it predominantly was before demolition in 2001. This is also the year the City of Kent took ownership of the property.

Other features noted in the mid-1970s included the dry resin pond, truck wash lagoon, settling tanks, treatment tanks, sludge drying pad, and ballfields in the northern undeveloped fields. The only other additional structure noted as being added after 1974 was the former laboratory building, which was located in the westcentral portion of the property. By 1990, the three previous ponds had been filled in and replanted with grass. The main features on the property remained essentially the same until demolition in 2001.

The former Borden Chemical facility used to manufacture Phenol-Formaldehyde (PF) and Urea-Formaldehyde (UF) resins. Formaldehyde was produced at the facility until 1999. Also, prior to 1999, most other hazardous materials used on site were shipped by rail and offloaded into ASTs through underground pipelines. After 1999, most materials used in the resin manufacturing process were shipped in by tanker truck. The buildings, above-ground features, and underground piping were removed at the time of demolition in 2001.

Documented releases of methanol and formaldehyde at the former Borden Chemical facility at its unloading area were reported in the 1980s. Subsequent pipe removal, soil treatment, and groundwater monitoring have occurred since the discovery. Petroleum releases to the surface soils were discovered in the last several years near the southeast side of the former BNSF railroad spur. This release was reportedly caused by unauthorized use of the property by a neighbor for storage purposes. The property has been vacant and undeveloped since demolition of the structures in 2001. The City of Kent did complete a partial construction of Ramsey Way (2nd Avenue North) in 2002-2003, including installation of some utilities. Catch basins and fire hydrants were visible in our site reconnaissance in 2004.

Based on interviews with past employees, there was no knowledge of any underground storage tanks (USTs) ever present on the former Borden Chemical property or chlorinated solvents used on the property.

Historical records for the former Brutsche property (the section of the subject property south of the undeveloped Temperance Street) indicated that the property was undeveloped



in the early 1900s except for a railroad spur that ran along the curvature of the southern portion of the property. The property remained undeveloped through approximately 1990. At that time, a 1990 aerial photograph indicated that the railroad spur was gone and a portion of the property was paved (southeast). There was an abundant number of vehicles and large quantities of debris storage noted on the property. Soil piles and standing water were also other features noted in the early 1990s on portions of the property. A number of 55-gallon drums with contents were observed in 1988. An environmental investigation was conducted in 1988. By 1995, most of the observed stored items had been moved onto a paved area on a parcel to the east (across the current Ramsey Way). The property has remained vacant and undeveloped since then.

Surrounding Properties

The surrounding area contained a mixture of agricultural, industrial, and residential purposes in 1936. The BNSF rail line also existed to the east in 1936. The surrounding area continued to develop into industrial purposes through 1960. Less agricultural and residential land was present by the late 1960s because of continued development. By the 1980s, the development along the railroad tracks to the east had been reduced significantly. Fewer warehouses, vehicles, and storage along the tracks were visible in a 1980 aerial photograph. The King County Regional Justice Center located to the west across 4th Avenue North was constructed in the mid-1990s. Prior to the construction of the Center, Northwest Metal Products, Inc. and Howard Manufacturing occupied the property. Residential properties still exist to the north across James Street. The Sound Transit Center and parking garage were constructed in 2002-2003 and dominate the eastern adjacent property across 1st Avenue North and along the BNSF tracks as well as to the south in the southeast corner of the block. The property to the south has recently been redeveloped into a Bank of America and associated parking and a retail building.

REGULATORY AGENCY DATABASE LIST AND FILE REVIEW

This section describes the regulatory agency database lists reviewed for sites of concern by Environmental Data Resources, Inc. (EDR) and the results of our regulatory agency file review. EDR is a firm that acquires data from government agencies on various media such as magnetic tape, disk, and hard copy. The purpose of the regulatory agency database list review was to screen for potential sources of contamination or activities of environmental concern for the subject property and adjacent properties. The agency-published databases were screened for sites of potential concern in general accordance with current American Society for Testing and Materials (ASTM) standards. Because our regulatory agency



database search was based on current agency records, our results are only as accurate as the records provided.

Regulatory agency database lists reviewed and approximate search distances from the subject property are detailed below:

- Environmental Protection Agency (EPA) National Priorities List (NPL) (January 2004) - List of "Superfund" sites; search radius of 1 mile;
- EPA Region 10 Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) List (February 2004) - List of sites which are either proposed to or are on the NPL and sites currently being reviewed for possible inclusion on the NPL; search radius of 1/2 mile;
- EPA Emergency Response Notification System (ERNS) List (December 2003) - List of reported CERCLA oil or hazardous substance releases or spills; search for subject property;
- EPA Region 10 Resource Conservation and Recovery Information System (RCRIS) List (March 2004)
 - Treatment/Storage/Disposal (TSD) - List of generators and transporters of hazardous waste, and TSD facilities; search radius of 1 mile;
 - Large Quantity Generator (LQG), Small Quantity Generator (SQG) - List of facilities that qualify as large or small quantity generators of hazardous wastes under RCRA; search radius of 1/4 mile;
- EPA Region 10 RCRA Corrective Action Sites (CORRACTS) List (December 2003) - List of RCRA facilities which are undergoing corrective action; search radius of 1 mile;
- EPA Region 10 Superfund (CERCLA) Consent Decrees (CONSENT) List (Variable) - List of major legal settlements establishing responsibility and standards for cleanup at NPL sites; search radius of 1 mile;
- EPA Region 10 Facility Index System (FINDS) List (February 2004) - Lists both facility information and "pointers" to other sources that contain more detail; search for subject property;



- EPA Federal Superfund Liens (NPL Liens) List (October 1991) - List of filed Superfund liens; search for subject property;
- EPA PCB Activity Database System (PADS) List (December 2003) - Lists generators, transporters, commercial storers, and/or brokers and disposers of PCBs who are required to notify the EPA of such activities; search for subject property;
- EPA Region 10 RCRA Administrative Action Tracking System (RAATS) List (April 1995) - List of sites under RCRA pertaining to major violators undergoing enforcement actions, search for subject property;
- EPA Region 10 Toxic Release Inventory System (TRIS) List (December 2001) - Inventory of toxic chemicals emissions from certain facilities; search for subject property;
- EPA Toxic Substances Control Act (TSCA) List (December 2002) - Identifies manufacturers and importers of chemical substances included on the TSCA Chemical Substance Inventory list; search for subject property;
- EPA Delisted NPL Sites (Delisted NPL) (January 2004) - Sites identified for deletion from the NPL where no further response is appropriate; search for subject property;
- EPA No Further Remedial Action Planned (NFRAP) List (February 2004) - Identifies sites that have been removed from CERCLIS; search for subject property;
- Federal Records of Decision (ROD) List (January 2004) - List of Superfund Sites where ROD property has been developed; search radius of 1 mile;
- US Department of Transportation (HMIRS) List (December 2003) - List of hazardous material spill incidents reported to DOT; search for subject property;
- Nuclear Regulatory Commission (MLTS) List (January 2004) - List of sites which possess or use radioactive materials and are subject to NRC licensing requirements; search for subject property;
- Washington Confirmed and Suspected Contaminated Sites List (CSCSL) (January 2004) - List of sites currently being investigated by the Washington State Department of Ecology (Ecology) under the Model Toxics Control Act (MTCA); search radius of 1 mile;



- Ecology Hazardous Sites List (HSL) (August 2003) - List of sites assessed and ranked using the Washington Ranking Method (WARM); search radius of 1 mile;
- Ecology Leaking Underground Storage Tank (LUST) Site List (January 2004) - List of registered leaking USTs in Washington; search radius of 1/2 mile;
- Ecology Underground Storage Tank (UST) Registration List (January 2004) - List of registered USTs in Washington; search radius of 1/4 mile;
- Ecology Solid Waste Facilities/Landfill Sites (SWF/LF) (October 2003) - List of permitted solid waste landfills operating in Washington; search radius of 1/2 mile;
- Ecology Independent Cleanup Reports (ICR) (December 2002) - List of sites undergoing cleanup for which reports have been received by Ecology from either the owner or operator; search radius of 1/2 mile. These actions have been conducted without department oversight or approval and are not under an order or decree; and
- Ecology Voluntary Cleanup Program (VCP) Sites (February 2004) - List of sites that have entered either the Voluntary Cleanup Program or its predecessor Independent Remedial Action Program.

EDR conducted a review of the regulatory agency database lists indicated above. The report of the database search provided by EDR includes a list of databases searched, a statistical profile indicating the number of properties within 1 mile of the subject property, selected detailed information from federal and state lists, and an overview map illustrating the identifiable and mappable sites within 1 mile of the subject property. The EDR report is presented in Appendix C of this report. Refer to the EDR report for more detailed information and additional local database lists reviewed.

The purpose of a file review is to acquire regulatory agency file information for the subject property and adjacent sites of potential concern based on their database-type listing and to identify potential sources of contamination or activities of environmental concern. The review was limited to current files and did not include a review of archived information.

A review of available files at the Ecology Northwest Regional Office regarding the subject property and neighboring sites of potential concern was conducted.

The following summarizes the results of the database search and review of available file information.



Subject Property

The subject property was identified on the agency database list under WA ICR, RCRIS SQG, FINDS, CERCLA-NFRAP, and CSCSL. Ecology's files included the 1992 EMCON Summary of Hydrogeologic Investigation for Borden Packaging and Industrial Products. The EMCON report concluded that the migration of contaminants identified were not migrating off site. A methanol release had occurred in the late 1980s and a remediation plan was in place at the time of the EMCON report. A groundwater extraction and treatment system, and groundwater monitoring were implemented in 1994 and continued through the 1990s. The former pond sites were assessed by EPA in 1985 and 1988 and a NFRAP notice was issued. Groundwater monitoring reports through 2000 were also in the agency files. In addition, a letter dated December 2003 was in Ecology files addressed to a Mr. Don Shaffer. The letter outlined a number of existing and previous properties in the "Kent Station" area, including the former Borden Chemical facility (subject property). Ecology updated the Toxics Cleanup Program database to reflect updated information. The former Border Chemical property was already previously listed on the same CSCSL list.

In 1992, Ecology conducted a Site Hazardous Assessment (SHA) on the subject property and ranked the site as a number 1 at the time. However, this was at the time the facility was operating and there were visible containers of chemicals that posed a potential threat of a release to the subsurface soil and groundwater, and there were documented odors of formaldehyde at the time of the assessment.

Update. Subsequent soil and groundwater investigations and cleanups have been conducted on the property since 1992, and the operations shut down and structures removed in 2000 and 2001. Annual groundwater monitoring occurred on the property from 1987 to 2000 and as of 2000, only two wells indicated elevated concentrations of nitrate and methanol (MW-7 and MW-10, respectively). In addition, a groundwater sample from each well was collected and analyzed in 2002, and both contained low concentrations of nitrate and methanol.

Nearby Site Information

Properties located to the southwest are generally considered in the hydraulically upgradient location relative to the subject property.

Northwest Metal Products/King County Regional Justice Center (located to the west across 4th Avenue North at 401 4th Avenue North). The former Northwest Metals Products is listed on Ecology's LUST, UST, WA ICR, and CSCSL database lists. Northwest Metals



Products was previously located to the west/southwest of the subject property. The King County Regional Justice Center was constructed in the location of the former Northwest Metals Products.

Washington Cedar Supply at 223 West Smith Street (previously located to the south across Smith Street). This site is listed on Ecology's LUST, UST, WA ICR, RCRIS SQG, and CSCSL database lists. Ecology files indicated a LUST was reported to Ecology following removal of a UST and a release was noted and cleaned up in 1992. The EDR report indicated no violations reported and an independent remedial action.

Recreational Distribution Systems (former Silvestri) at 325 1st Avenue North. This site is listed on Ecology's UST, LUST, CSCSL, and VCP database lists. Two USTs have been reportedly removed and the site was awaiting cleanup. Ecology latest reports for the property were dated 2000.

King County Library at 212 2nd Avenue North. This site is listed on Ecology's UST, LUST, and WA ICR database lists. The site reportedly had a LUST that impacted soil and groundwater in 1989 and was cleaned up in 1995.

Several area businesses were identified as RCRA-small quantity generator sites. These sites indicate use of hazardous materials and do not imply a release to the environment. None of the surrounding site listings appear to present a likely potential for adverse effects to the subject property.

PREVIOUS ENVIRONMENTAL INVESTIGATIONS AND CLEANUPS

Several environmental investigations and cleanups have occurred on the property between 1992 and 2002. A brief summary of key investigations, cleanups, and current status are summarized below. Details of the previous investigations and cleanups are available in the previous reports on the property and the Environmental Summary and Closure Report (Report) for the Borden Chemical Facility prepared by URS dated March 2003 and a Phase I and Phase II Environmental Site Assessment for the Brutsche Property prepared by Shannon and Wilson dated March 1999 and May 1999, respectively.

The Report concluded that based on cleanup actions conducted, and soil and groundwater verification sample results, the environmental issues historically affecting the property require no further action. The Shannon and Wilson Phase II report concluded that no USTs or buried objects appeared to exist on the former Brutsche property. It also concluded that



there was a low liability associated with the former Brutsche property but recommended that a construction contingency plan be prepared to deal with potentially impacted soil or groundwater or encountered USTs.

Former Truck Wash Area Lagoon

In 1992, an investigation conducted by EMCON, indicated that 2 to 4 feet of fill material consisting of dry resin chips intermixed with gravelly sand and underlain by 2 to 6 feet of saturated gelatinous resin material mixed with fill material and straw.

In 2002, URS conducted additional sampling and analysis of the material in this area and determined that the soils were acceptable to leave in-place.

Former Southwest Settlement Pond

The 1992 EMCON report indicated that 1-1/2 to 2-1/2 feet of fill material consisting of fine sand, gravel, and wood chips underlain by 1/2 foot of dry resin chips and yellow precipitate were located in this area. In 2002, elevated concentrations of nitrate were detected in the soils in this area, and 950 tons of nitrate-impacted soils were removed and disposed of off site.

Former Dry Resin Pond

In 1992, EMCON also investigated this area and indicated that 1 foot of dry resin chips intermixed with coarse, gravelly sand underlain by 1/2 foot of gravelly sand fill material. In 2002, URS conducted additional sampling and analysis of the material in this area and determined that the soils were acceptable to leave in-place.

Elevated concentrations of nitrate have been detected in groundwater samples from MW-7 near the dry resin pond and continue to be monitored. The most recent sampling and analysis of the groundwater (2002) in MW-7 indicated low concentrations of nitrate in groundwater at this location.

Former Methanol Unloading Area (MW-10 Location)

Elevated concentrations of methanol were detected in the groundwater near the former methanol unloading area in 1992. Although somewhat unclear on method and length of remediation, a form of extraction from MW-10 located in the former methanol unloading area occurred after 1992. Annual groundwater monitoring occurred in this well from 1995



through 2000 indicating a significant reduction in the methanol concentrations. A recent sampling and analysis of this well indicated much lower concentration of methanol near the MTCA cleanup level. However, the performed detection limit was higher than the current MTCA cleanup level. Ongoing monitoring of this well for methanol is planned.

BNSF Railroad Spur - Southeast Area

Soil and groundwater samples were sampled and analyzed for a variety of chemical constituents in 2000. Low concentrations of petroleum were detected in two locations in the soils. A slight exceedance of lead was detected in one near-surface soil sample.

One groundwater sample had a concentration of benzene above the MTCA Method A cleanup level. Slight exceedances of arsenic were detected in several groundwater samples.

These groundwater samples were collected directly from the soil borings advanced on the property at the time of the investigation. Grab groundwater samples collected by this method rather than from conventional permanent groundwater monitoring wells tend to be highly turbid and bias the groundwater analytical results.

In 2002, 560 tons of petroleum-impacted soil were removed and disposed of off site from this area.

Demolition of Structures and Subsequent Sampling and Analysis

Following removal of the on-site structures in 2000, nine soil samples were collected from the soils below the structures and analyzed for a variety of chemical constituents. No elevated concentrations of the analytes were detected in the soil samples for the analytes tested. Detailed results of these samples are presented in the 2002 URS Report.

SITE RECONNAISSANCE

On May 11, 2004, Julie Wukelic of Hart Crowser conducted a site reconnaissance to observe the subject property and surrounding area business/land use. Photographs taken during the visit are presented in Appendix A. The following observations were recorded.



Subject Property

The property is relatively flat and is predominantly covered with grass, trees, and other vegetation (Photograph 1). Grading has occurred in some areas of the property and appears to be in the area of the former buildings (Photograph 4). Some of these areas were slightly higher than the surrounding property and seemed to be a part of the grading activities. Newer and older stockpiles of soil were observed in this area and other small piles of soil or recycled demolition debris (Photograph 3) were noted throughout this area. The newer stockpiles (Photograph 2) appeared to be comprised of recycled demolition debris (concrete, asphalt, soil). The older stockpiles appeared to be primarily soil, and vegetation was growing on the piles. The southwest portion of the property (former Brutsche property) was primarily covered with grass, trees and bushes. There was less vegetation near the new Ramsey Way entrance off Smith Street.

The rough graded extension of 2nd Avenue North (Ramsey Way) and some utilities (e.g., storm drain grates and fire hydrants) were observed. The extension tranverses the property to the north and curves 90 degrees and to 4th Avenue North (Photograph 8).

The former Borden ballfields were still covered with grass and well kept. A gravel parking lot borders the north boundary of this property. The general outline of four ball fields were visible during the site reconnaissance and the pitcher's rubber and homeplate were still visible. A fence and mostly poplar trees line the boundary between the former ballfields and the former Borden property (Photograph 7).

The "stick-up" monuments for MW-7 and MW-3 were observed during the site reconnaissance. No unusual stains, odors, or distressed vegetation were noted on the property. The former area of the railroad spur along the south boundary was overgrown with vegetation and blackberry bushes. A line of poplar trees were visible near the southern portion of the property.

Surrounding Property

The property is bordered by James Street to the north. Residential houses were visible directly north of James Street. A small motel was also visible north of James Street at the northeast corner of the James Street and 1st Avenue North intersection. The new Sound Transit Parking Garage and Station is located to the east across 1st Avenue North. 1st Avenue North appeared to have been recently repaved (Photograph 6). The BNSF railroad tracks are also adjacent and east of the Sound Transit Parking Garage and Station



(Photograph 5). The Sound Transit Parking Garage is located south of the subject property in the southeast corner of the blockend.

The remaining property to the south and west of 2nd Avenue North (Ramsey Way) is a Bank of America and associated parking and a small newer retail building. This retail building is currently occupied by a knitting and yarn shop name PastTimes.

The King County Regional Justice Center is located to the west of the subject property across 4th Avenue North. The Kent Commons (community building) is also located to the west and in the southwest corner of the intersection of James Street and 4th Avenue North.

None of the surrounding properties observed appeared to have any obvious environmental issues that could impact the subject property.

LIMITATIONS

Work for this project was performed, and this letter report prepared, in accordance with generally accepted professional practices for the nature and conditions of the work completed in the same or similar localities, at the time the work was performed. It is intended for the exclusive use of Tarragon LLC and American Multi Cinema, Inc., its affiliates and lenders, for specific application to the subject property. American Multi Cinema, Inc can rely on this Report subject to the understanding that in so doing, you are bound by the limitations, terms and conditions (copy provided in Appendix D) of the Contract between Tarragon, LLC and Hart Crowser and the Report. The Report provides information on the properties only as specified in the scope of work and is based on the conditions of the property at the time the report was prepared. It was prepared in accordance with the standard of care of our profession. This report is not meant to represent a legal opinion. No other warranty, express or implied, is made.

It should be noted that Hart Crowser relied on information provided by the individuals indicated above. Hart Crowser can only relay this information and cannot be responsible for its accuracy or completeness.

Our work did not include sampling or testing of drinking water for lead content, sampling for indoor air quality, and mold, assessment of sewer systems, sampling for radon vapor, a "good-faith" survey of asbestos and lead, and other items not the standard of practice for our time, unless otherwise noted herein.



Tarragon LLC
May 21, 2004

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Any questions regarding our work and this letter report, the presentation of the information, and the interpretation of the data are welcome and should be referred the undersigned.

Sincerely,

HART CROWSER, INC.

JULIE K.W. WUKELIC
Principal
jkw@hartcrowser.com

Attachments:

Figure 1 - Vicinity Map

Figure 2 - Site Plan

Appendix A - Site Reconnaissance Photographs

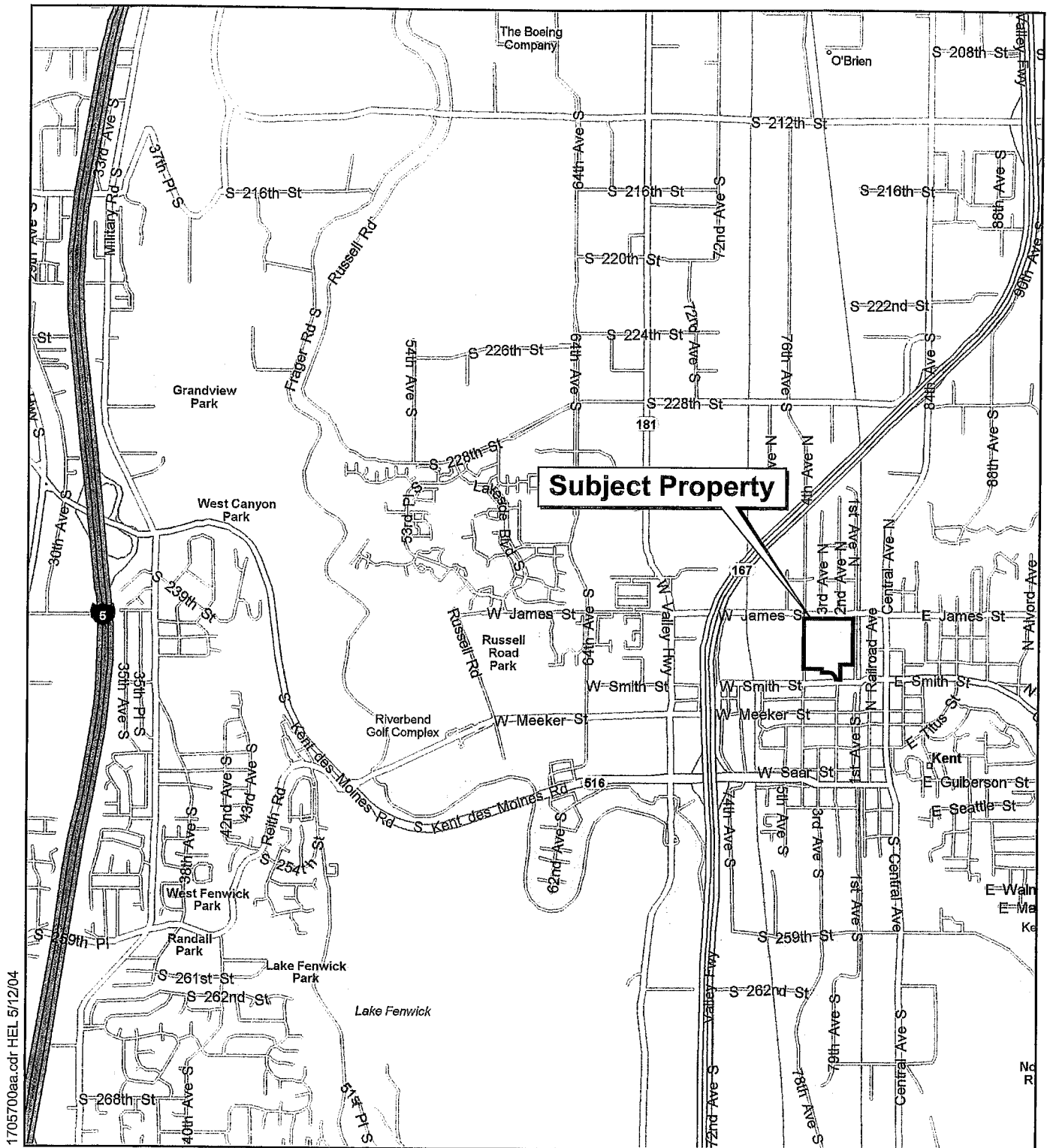
Appendix B - Sanborn Fire Insurance Maps

Appendix C - Site Assessment Report
EDR, Inc.

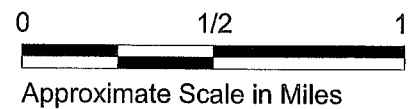
Appendix D - Terms and Condition (HCH 1/99)

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Vicinity Map



Note: Base map prepared from Microsoft Streets and Trips 2002.



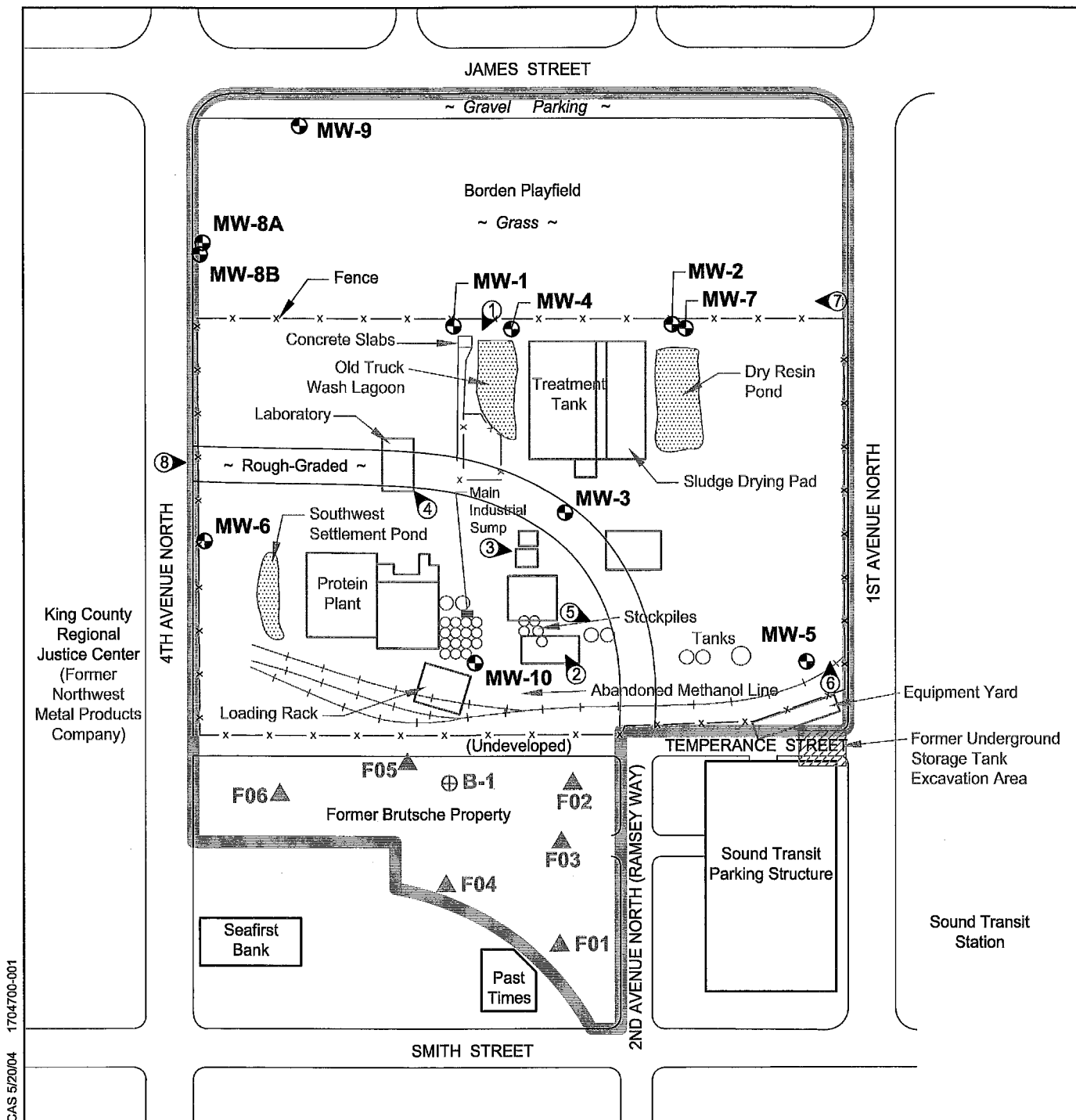
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Figure 1

Site Plan



Note: Buildings and other features (shown in gray) removed from subject property.



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Figure 2