

**El-Roh Realty Corporation /
Roth Steel
Environmental Evaluation**

THE PALMERTON GROUP

Scientific and Technical Consulting

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September 23, 2008

Mr. Klaus Baasch
Sirchia & Cuomo, LLP
6007 Fair Lakes Road, Suite 200
East Syracuse, New York 13057

Re: El-Roh Realty Corporation/Roth Steel Environmental Evaluation

Dear Mr. Baasch:


This letter provides our review and analysis of the environmental issues and potential liabilities for five properties owned by El-Roh Realty Corporation and Roth Steel, and one site at which Roth Steel is a potentially responsible party (PRP) site. The Palmerton Group, LLC (Palmerton Group) has developed a range of costs associated with the investigation and remediation for each of the sites.

Executive Summary

An estimate of environmental liabilities and associated remediation costs has been made for several properties owned by El-Roh Realty Corporation/Roth Steel and one PRP site. The review and analysis of environmental issues has been performed in accordance with standard industry practices and ASTM guidance. Uncertainty in the estimates remains with regards to, among other things, the resolution of contractual, technological, regulatory, legislative, and judicial issues, which could affect the cost and liabilities.

Each property was evaluated to determine the extent of contamination in soil, sediment, and groundwater by regulated or hazardous substances. Environmental data was obtained from Roth Steel, Green & Seifert, and the New York State Department of Environmental Conservation (NYSDEC). The Palmerton Group used its professional judgment and experience to apply NYSDEC investigation and remediation guidance in developing a "most likely" environmental investigation and remediation approach and an estimate of costs for remediation. One or more remedial options were developed for each property and costs were then developed for each option.

Estimated costs are provided for each site, ranging from the least expensive combination of remedial alternatives to the most expensive combination. Both capital costs and present value costs (e.g. present value of long term activities) are provided. We have provided cost estimates for what we believe to be the most likely scenarios under current regulatory conditions.

 The range of costs for each property is as follows:

1. Hiawatha Boulevard, Syracuse	\$3,520,896 to \$12,477,700	#9
2. 308 Van Buren Street, Syracuse	\$709,132 to \$1,819,607	2.7 (2003) prices
3. Hogs Back Road, Town of Hastings	\$1,230,968	
4. Fortino Tire Site, West Monroe, Oswego County	\$584,659 to \$5,314,203	
5. Onondaga Lake, Onondaga County	Not Applicable	?
6. Erie Boulevard West, Syracuse	\$470,006 to \$1,351,531	}
7. Richmond Avenue	\$237,399 to \$481,507	

In some cases prior environmental work has resulted in remediation cost estimates which were used for comparison. The prior cost estimates are also provided herein.

Analysis and Cost Estimate

The Palmerton Group has reviewed the environmental issues and potential liabilities for several EL-Roh Realty/Roth Steel sites and has made a determination using our professional judgment and experience as to the range of potential environmental costs associated with each site. David L. Palmerton, Jr., Principal and Owner of Palmerton Group, has provided the majority of the review and analysis, including site visits. We understand that this analysis of environmental information and costs is necessary for valuation of the ownership transaction and allocation of risk between the parties (i.e. Matter of Application of Philippe R. Schwimmer, Petitioner, for the dissolution of El-Roh Realty Corp).

Each of the properties has been determined to have environmental issues and potential liability resulting from past practices, such as improper disposal of hazardous substances. Our environmental due diligence includes discussion and review of information obtained from George Stanton, Roth Steel; Philip S. Bousquet, Esq., Green & Seifter; Sidney Manes, Esq. Green & Seifter; Kendrick Jaglal, Brown and Caldwell; and the NYSDEC through a Freedom of Information Act Law request. We have also made visits to each location and have reviewed aerial photographs and other public information regarding the properties.

Our analysis and cost estimation is consistent with common industry practice and the ASTM guidance: *Standard Guide for Estimating Monetary Costs and Liabilities for Environmental Matters (E 2137 - 06)*.

In the following sections, we provide a brief analysis of the environmental conditions at each property and cost estimates for the investigation and remediation of significant environmental problems at each site. We have followed the investigation and remediation scheme typical for NYSDEC (see Table 1).

In all cases, additional investigation activities including soil and groundwater sampling and analysis will better define site conditions which may or may not change the remedial approach. ✱

Furthermore, even though an estimate of costs and potential liabilities for environmental matters has been prepared in accordance with standard industry practices and the ASTM guidance, uncertainty remains with regard to, among other things, the resolution of contractual, technological, regulatory, legislative, and judicial issues, which could affect the costs and liabilities.

Our estimation of costs and potential liabilities for environmental matters does not necessarily require an exhaustive evaluation of all possible outcomes. A point exists at which the cost of obtaining information or the time required to gather it outweighs improvement in the quality of the estimate.

Our estimate of potential environmental costs includes the costs for investigation, remedial design, remediation, and in some cases post remediation operation and maintenance. Estimated costs are based on our professional judgment and what we believe will be necessary to conform to current and foreseeable environmental compliance requirements such as those arising under the Clean Water Act or NYSDEC guidance. We have used our best efforts to assess potential liabilities associated with on-site contamination. We have not evaluated the potential for non-governmental third-party claims such as toxic tort suits and diminution of property value actions.

A summary of general information for each site is included as Attachment A. The summary provides the site location, tax number, and summary environmental details for each property.

The key environmental issues for each property are summarized below. We have focused on only the significant environmental issues identified by Roth Steel, Green & Seifter, and NYSDEC.

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In the case of Erie Boulevard West and Richmond Avenue, no recent environmental testing has been performed. However, prior investigation and remediation of an isolated portion of Richmond Avenue was performed in the 1980's that indicates that surface soils are contaminated with petroleum hydrocarbons and heavy metals typical of the other Roth Steel properties and consistent with use as a scrap yard.

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Hiawatha Boulevard, Syracuse

The primary issues at Hiawatha Boulevard include:

- Cells 1 and 2 contain PCB laden shredder fluff. The shredder fluff has contaminated the surrounding soil and groundwater with polychlorinated biphenyls (PCBs) to a level above the NYSDEC guidance criteria. There is also significant levels of volatile - and semi-volatile organics (VOCs and SVOCs), and heavy metals that will require investigation and management
- Groundwater in the vicinity of Cells 1 and 2 and at other locations at the site is impacted by PCBs, VOCs, SVOCs and heavy metals
- Surface soils across the site have actionable levels of petroleum hydrocarbons and heavy metals. Some locations outside of Cells 1 and 2 also contain PCBs #8
- The Spill Prevention, Control and Countermeasures Plan (SPCC) likely requires updating and the facilities may need modification to be compliant. Since this is an operational consideration we have not included any further analysis or cost estimation for this issue

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308 Van Buren Street, Syracuse

The primary issues at Van Buren Street include:

- Surface soils contain heavy metals significantly exceeding NYSDEC action levels; PCB concentrations exceed NYSDEC action levels for soil; SVOCs and PAHs exceed NYSDEC action levels for soils; and asbestos-containing materials in transite panels mixed within piles of soil
- Minor groundwater contamination with SVOCs

Hogs Back Road, Town of Hastings

The primary issues at Hogs Back Road include:

- Surface soils containing shredder fluff and soil with levels of PCBs exceeding NYSDEC criteria
- Potential for PCBs in groundwater requiring monitoring at a minimum (near home) *

Fortino Tire Site, West Monroe, Oswego County

The primary issues at Fortino Tire Site include:

- Surface soils containing shredder fluff and soil with low levels of PCBs
- Potential heavy metals in soils
- Potential for PCBs in groundwater requiring monitoring at a minimum
- Wetland encroachment

Onondaga Lake, Onondaga County

The properties adjacent to Onondaga Lake (Hiawatha Boulevard, Erie Boulevard West and Richmond Avenue) have been cited by NYSDEC as potential contributors of PCBs, VOCs, SVOCs, and heavy metals to the lake. However, there is no record of any specific charges. Roth Steel has signed a tolling agreement. Its purpose is typically to allow a party additional time to assess and determine the legitimacy and viability of their claims and/or the amount of their damages without the necessity of filing an action. During this period, the parties waive any defense by way of any statute of limitations which would otherwise arise during such period. Thus, it is possible that the NYSDEC or USEPA may seek damages at a later time. --0-

Erie Boulevard West, Syracuse

Surface soils across the site are most likely to have actionable levels of petroleum, PCBs, and heavy metals from a former scrap metal operation. so, why not tested?

Richmond Avenue

Surface soils over the site most likely have actionable levels of petroleum hydrocarbons (e.g. VOCs) PCBs and heavy metals. The remaining area of the Richmond Avenue property was previously remediated for PCBs and other constituents and do not receive additional remediation.

Cost Estimates

For each site we have prepared a range of costs based on the available background information. Given the limited nature of this information, cost estimates are plus or minus 50 percent. We have relied upon our best professional judgment as to the likelihood and need for investigation and remediation of environmental problems identified at each site and we have also reviewed cost estimates prepared by other environmental professionals in the course of prior environmental assessment activities at the sites (where they exist). For each site we provide one or more remedial options.

★ It should be noted that prior cost estimates are presented as they appear in historical documents and have not been updated. Most of the prior estimates were prepared to address very specific issues and therefore are not complete for each site. They also do not take into account present day guidance or regulations and are in pre-2008 dollars. However, the prior estimates are reasonable for the time and under the circumstances in which they were made. Improvements in the prior estimates can be made using new information. The prior estimates are valid for comparison to the current estimates in terms of general scope. NO

Brief descriptions of the environmental remediation scenarios developed by the Palmerton Group are presented below. All options contain estimated costs for the initial work plans, design plans and investigation activities as needed to comply with NYSDEC guidance.

Hiawatha Boulevard, Syracuse

Total Capital Cost Range: \$3,520,896 – \$12,477,700

Total Present Value Cost Range: \$3,583,832 – \$12,939,455

Remedial Options for Cells 1 and 2

Option 1: Excavate hot spots, fence.

This option requires the excavation of PCB-containing shredder fluff and soil greater than 50 ppm. Based on analytical results, the amount of material greater than 50 ppm could amount to approximately 2/3 of the material presently in the area. A deed restriction is also required. ~~is~~ ?

Hiawatha Boulevard, Syracuse (cont'd)

Total cell volume is estimated at 6,750 cubic yards. This scenario calls for the disposal of approximately 4,500 cubic yards of material. Estimating 0.76 tons / cubic yard based on shredder fluff samples.

<i>Present Value:</i>	\$1,497,956
<i>Capital Cost:</i>	\$1,456,397
<i>Annual O&M:</i>	\$3,130

Option 2: Excavate hot spots, cap with soil

This option requires the excavation of PCB-containing material greater than 100 ppm. Based on analytical results, that amounts to approximately ¼ of the material. A deed restriction is also required. This scenario calls for the disposal of approximately 1688 cubic yards of material.

<i>Present Value:</i>	\$960,280
<i>Capital Cost:</i>	\$918,721
<i>Annual O&M:</i>	\$3,130

Option 3: Excavate hotspots, cap w/ geotextile and clay

Same material and amounts of waste as option 2, but cap with geotextile.

<i>Present Value:</i>	\$1,189,877
<i>Capital Cost:</i>	\$1,148,318
<i>Annual O&M:</i>	\$3,130

Option 4: Excavate entire contents of cells

Entire contents of cells would be excavated and disposed of at a hazardous waste landfill (e.g. TSD facility). A deed restriction would likely not be required.

<i>Present Value:</i>	\$2,018,094
<i>Capital Cost:</i>	\$1,976,535
<i>Annual O&M:</i>	\$3,130

Hiawatha Boulevard, Syracuse (cont'd)

Surface Soils and Groundwater at Remainder of Site

Option 1: Excavate surface soil over 25% of the remainder of site (not including cell areas) one foot deep for disposal at industrial landfill

This option requires the excavation of the top 1-foot across 25% of the entire site, excepting the cell areas. This assumes no hazardous waste (TSCA) and can be disposed of at an industrial landfill. Monitor groundwater in six wells for 30 years. *

<i>Present Value:</i>	\$2,623,552
<i>Capital Cost:</i>	\$2,602,175
<i>Annual O&M:</i>	\$1,610

Option 2: Excavate surface soil over the remainder of site (not including cell areas) one foot deep for disposal at industrial landfill.

This option requires the excavation of the top 1-foot across the entire site, excepting the cell areas. This assumes no hazardous waste (TSCA) and can be disposed of at an industrial landfill. Monitor groundwater in six wells for 30 years.

<i>Present Value:</i>	\$10,062,933
<i>Capital Cost:</i>	\$10,041,556
<i>Annual O&M:</i>	\$1,610

Option 3: Excavate top foot, as in Option 1, install groundwater pump and treat system

This option requires the excavation of the top 1-foot across the entire site, excepting the cell areas. This assumes no hazardous waste (TSCA) and can be disposed of at an industrial landfill. Assumes a groundwater pump and treat system operating for a four year period with four wells and six perimeter monitoring wells.

<i>Present Value:</i>	\$10,921,361
<i>Capital Cost:</i>	\$10,501,165
<i>Annual O&M Years 1-4:</i>	\$111,650
<i>Annual O&M Years 5-30:</i>	\$1,610

Hiawatha Boulevard, Syracuse (cont'd)

Prior Cost Estimates for Cells 1 and 2 (Baumgartner, December 1993)

WATER treat +
PUMP

Option 1 - Excavation and TSCA land disposal \$1,385,500 (without engineering or analyses)

Option 2 - Fence and concrete cap \$71,500

Option 3 - Fence and clay cap \$38,750

These options do not include work plans, design plans, investigation or design sampling and analyses. The caps presented here are not viable in the presence of PCBs above 100 ppm. Either the hot spots must be removed or sampling will have to prove PCB levels are below 100 ppm. These also do not include any groundwater monitoring.

Prior Cost Estimates for Additional Investigation (Passaro Associates; November 2007)

Site-wide investigation activities \$50,000 to \$100,000

308 Van Buren Street, Syracuse

Total Capital Cost Range: \$709,132 - \$1,819,607

Total Present Value Cost Range: \$799,740 - \$1,877,074

Both options require the demolition and removal of a 60 X 20 foot masonry building. This is included in the cost. Because there is some very minor groundwater contamination (SVOCs), groundwater monitoring is included in both options.

Option 1: Remove top 1-foot of entire site for disposal at hazardous landfill, cap with soil

This option calls for an initial of sampling of three existing groundwater monitoring wells prior to soil excavation. The entire site will be cleared down to 1 foot. The material will be disposed of at Model City. The site will be backfilled and capped with compacted soil. The three monitoring wells will be replaced and monitored for 30 years.

Present Value:	\$799,740
Capital Cost:	\$709,132
Annual O&M:	\$6,824

308 Van Buren Street, Syracuse (cont'd)

Option 2: Remove top five feet of entire site

As in Option 1, but the top five feet will be removed. Assume the first two feet of soil will go to Model City; the remaining three feet would go to an industrial landfill (assumes 1.5 tons per cubic yard of material). This option also calls for one year of quarterly groundwater monitoring. No long term monitoring will be necessary. It is expected this option will result in unrestricted use.

NOT TESTED
under brush

<i>Present Value:</i>	\$1,877,074
<i>Capital Cost:</i>	\$1,819,607
<i>Annual O&M:</i>	\$6,824

Prior Cost Estimates (Stearns & Wheeler, LLC; January 2004)

Option 1: No Action – Provide no remediation at the site

<i>Capital Cost:</i>	\$0
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Option 2: Restrict Access – Fence, lock and cover the site to prevent casual contact with the soil

<i>Capital Cost:</i>	\$25,000
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Option 3: General Removal of Surface Soils

Replace surface soils in all areas not covered with buildings. Soils to a depth of 12 inches will be replaced with clean gravel, layered with 4 inches of topsoil, and seeded.

<i>Capital Cost:</i>	\$828,000	<u>2003 Price</u>
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Option 4: Complete Soil Removal

Soil to a depth of 5 feet will be removed and replaced with clean soil fill, topsoil, and seeded.

<i>Capital Cost:</i>	\$2,702,000	<u>2003 Price</u>
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Hogs Back Road, Town of Hastings

Total Capital Cost Range: \$1,230,968

Total Present Value Cost Range: \$1,278,980

Option 1- Excavate 5,000 cubic yards of PCB contaminated shredder fluff for off-site disposal at Model City landfill

This option includes excavation and disposal of shredder fluff and soil, installation of groundwater monitoring wells, and bi-annual groundwater monitoring for 30 years. Capping is not an option due to the proximity of the site to residential water supply wells.

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<i>Present Value:</i>	<i>\$1,278,980</i>
<i>Capital Cost:</i>	<i>\$1,230,968</i>
<i>Annual O&M:</i>	<i>\$3,616</i>

Prior Cost Estimates

None

Fortino Tire Site, West Monroe, Oswego County

Total Capital Cost Range: \$584,659 – \$5,314,203

Total Present Value Cost Range: \$658,537 – 5,362,322

Option 1: Move shredder fluff out of wetland and 100' buffer zone, cap with soil

This option moves 13,000 yards of shredder fluff presently in the wetlands and installs a 100-foot buffer zone on top of the remaining pile. The material is then capped with compacted soil, per EPA guidance, since all PCB concentrations are <100ppm. Post remediation requires the installation of three wells groundwater monitoring and 30 years of monitoring.

<i>Present Value:</i>	<i>\$814,799</i>
<i>Capital Cost:</i>	<i>\$740,921</i>
<i>Annual O&M:</i>	<i>\$5,564</i>

Fortino Tire Site, West Monroe, Oswego County (cont'd)

Option 2: Move entire fluff pile and place in NYSOGS-designed tire disposal cell

This option moves the entire 25,000 yards of fluff under the currently designed cap. It assumes no modification of the existing cell and cap design will be necessary and assumes a 300-foot transport distance. Again, 30 years of monitoring three wells.

<i>Present Value:</i>	\$658,537
<i>Capital Cost:</i>	\$584,659
<i>Annual O&M:</i>	\$5,564

Option 3: Excavate, dispose entire fluff pile

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This option removes the entire 25,000 yards of fluff for disposal at Model City. No long term monitoring will be necessary.

<i>Present Value:</i>	\$5,362,322
<i>Capital Cost:</i>	\$5,314,203
<i>Annual O&M:</i>	\$3,624

Prior Cost Estimates (LaBella Associates, P.C.; January 1990)

Option 1a: No Action

Option 1b: Move the pile out of the wetland buffer zone

<i>Capital Cost:</i>	\$10,200
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Option 2: No Action with Monitoring

This option is the same as the no action alternative, with the exception that the site would receive continued groundwater and surface water monitoring

<i>Capital Cost:</i>	\$13,400
<i>Annual Cost:</i>	\$5,900

Fortino Tire Site, West Monroe, Oswego County (cont'd)

Option 3: Encapsulation with Leachate Collection

This option consists of constructing a low permeability cover system over the fluff pile combined with leachate collection

<i>Capital Cost:</i>	\$99,100
<i>Annual Cost:</i>	\$17,100

Option 4: Removal and Off-site Disposal

This alternative consists of excavation and transport of the entire fluff pile to a sanitary landfill for disposal

<i>Capital Cost:</i>	\$1,721,200
<i>Annual Cost:</i>	\$5,900

The price options do not include additional investigation activities and present value costs were not calculated.

Value at 2008 levels?

Onondaga Lake, Onondaga County

There is a tolling agreement in place, but no findings have been made as to environmental issues or damages.

738-766 Erie Boulevard West, Syracuse

Total Capital Cost Range: \$470,006 – \$1,351,531

Total Present Value Cost Range: \$525,573 – \$1,381,339

Option 1: Excavate and remove top 1-foot of soil (2400 cubic yards) across the entire site and dispose at a hazardous landfill

<i>Present Value:</i>	\$1,381,339
<i>Capital Cost:</i>	\$1,351,531
<i>Annual O&M:</i>	\$2,245

738-766 Erie Boulevard West, Syracuse (cont'd)

Option 2: This option includes capping of the entire site with topsoil

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<i>Present Value:</i>	\$525,573
<i>Capital Cost:</i>	\$470,006
<i>Annual O&M:</i>	\$4,185

Option 3: This option includes capping of the entire site with asphalt

<i>Present Value:</i>	\$570,941
<i>Capital Cost:</i>	\$545,182
<i>Annual O&M:</i>	\$1,940

Prior Cost Estimates

None

161-213 and 221-223 Richmond Avenue, Syracuse

Total Capital Cost Range: \$237,399 - \$481,507

Total Present Value Cost Range: \$273,090 - \$491,439

Option 1: Excavate and remove top 1-foot of soil (800 cubic yards) across the entire site and dispose at a hazardous landfill

<i>Present Value:</i>	\$491,439
<i>Capital Cost:</i>	\$481,507
<i>Annual O&M:</i>	\$748

Option 2: This option includes capping of the entire site with topsoil

<i>Present Value:</i>	\$273,090
<i>Capital Cost:</i>	\$237,399
<i>Annual O&M:</i>	\$2,688

Option 3: This option includes capping of the entire site with asphalt

<i>Present Value:</i>	\$287,845
<i>Capital Cost:</i>	\$252,154
<i>Annual O&M:</i>	\$2,688

161-213 and 221-223 Richmond Avenue, Syracuse (cont'd)

Prior Cost Estimates

None

In summary, each property evaluated was determined to have environmental contamination that at some time will require further evaluation and in most cases, remediation.

We would be pleased to discuss this with you in detail. Should you have any immediate concerns or comments, please contact me at (315) 463-5300.

Thank you.

Sincerely,



David L. Palmerton, Jr., CPG, CHMM
President